

Xtrackers Digital Markets ETC AG

Directors' report and audited financial statements

**For the period from 13 November 2023 (date of entry in Commercial Register)
to 30 September 2024**

Registered number : CHE-224-432-590

Xtrackers Digital Markets ETC AG

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Xtrackers Digital Markets ETC AG**Page 1****Directors and other information**

		<i>Appointed on</i>	<i>Resigned on</i>
Directors	Piedad Lucia Delgado-Bauhofer	7 November 2023	14 May 2024
	Raphael Benedikt Baumann	7 November 2023	15 December 2024
	Kurt Gamper	7 November 2023	
	Marc Girardin	14 May 2024	
Registered Office, Company Secretary, Corporate Services Administrator	Vistra Zürich AG, Talstrasse 83 8001 Zürich Switzerland		
Arranger	DWS Investments UK Limited 21 Moorfields EC2Y 9DB London United Kingdom		
Administration Agent	State Street Fund Services (Ireland) Limited 78 Sir John Rogerson's Quay Dublin 2 D02 RK57 Ireland		
Custodians	Zodia Custody (Ireland) Limited 27 Fitzwilliam Street Dublin 2 D02 TP23 Ireland		
	Coinbase Custody International Limited 70 Sir John Rogerson's Quay Dublin 2 D02 R296 Ireland		
Swiss Paying Agent, Issuing Agent, Principal Paying Agent	State Street Bank International GmbH Munich, Zurich Branch Beethovenstrasse 19 Postfach 8027 Zurich Switzerland		
Crypto Execution Agent and Crypto Development Advisor	Galaxy Digital Funds LLC 300 Vessey Street 13th Floor NY 10282 New York USA		
Independent Auditor	KPMG AG Chartered Accountants and Recognised Auditor Badenerstrasse 172 PO Box CH-8036 Zurich Switzerland		
Trustee	Vistra Capital Markets Trustees Limited 7th Floor 50 Broadway London SW1H0DB United Kingdom		
Authorised Participants	Jane Street Financial Limited 30th Floor 20 Fenchurch Street London EC3M 3BY United Kingdom		
	Flow Traders B.V. Jacob Bontiusplaats 9 1018 LL Amsterdam Netherlands		

Xtrackers Digital Markets ETC AG

Directors' report

The directors present the directors' report and audited financial statements of Xtrackers Digital Markets ETC AG (the "Company") for the period from 13 November 2023 (date of entry in Commercial Register) to 30 September 2024.

Principal activities and business review

The Company was incorporated as a stock corporation (*Aktiengesellschaft*) under the Laws of Switzerland for an unlimited duration and was first registered on 13 November 2023 with the Commercial Register of the Canton of Zurich under the Company registration number CHE-224.432.590. The Company's registered office is located at Vistra Zürich AG, Talstrasse 83, 8001 Zurich, Switzerland.

The Company has been established as a special purpose vehicle for the purpose of issuing debt securities (the "ETC Securities"), purchasing eligible Crypto Assets ("Digital Assets") and/or entering into related transactions as described in the Company's Base Prospectus. The only assets available to the Company for making payments and fulfilling delivery obligations under the ETC Securities, as well as the Company's contractual rights under the relevant programme level and series level documents associated with these ETC securities, will be the Crypto Asset Collateral, which is segregated for these securities. The Company is entirely reliant on the Crypto Asset Collateral to meet its obligations under the ETC Securities and possesses no other assets.

The ETC Securities will be issued in Series, with the ETC Securities of each Series being intended to be interchangeable with all other ETC Securities of that Series. The Company may issue further Tranches of a Series of ETC Securities from time to time.

ETC Securities issued under the Programme are non-interest bearing, undated, secured, debt obligations of the Company. The ETC Securities do not pay dividends or interest. ETC Securities are limited recourse obligations of the Company, ranking *pari passu* without any preference among themselves.

The ETC Securities are publicly offered to professional and retail investors in Sweden, Luxembourg, France, Germany, Portugal, Finland, The Netherlands, Switzerland and Spain. The Base Prospectus has been approved by the Swedish FSA, as competent authority under Regulation (EU) 2017/1129 (the "EU Prospectus Regulation"). The Base Prospectus comprises a prospectus for the purposes of the EU Prospectus Regulation.

As at 30 September 2024, the ETC Securities issued were listed on Deutsche Börse Xetra ("Xetra").

Key performance indicators

The directors confirm that the key performance indicators as disclosed below are those that are used to assess the performance of the Company.

During the period ended:

- the Company made a loss of USD 323,564;
- the net fair value loss on Digital Assets amounted to USD 310,437;
- the net fair value gain on financial liabilities designated at fair value through profit or loss amounted to USD 310,437; and
- there were additional subscriptions in the following existing Series of ETC Securities, with Series currency ("CCY").

		Tranche No	Tranche Size	CCY	Nominal
Series 1	Xtrackers Galaxy Physical Bitcoin ETC	22 - 26	2,625,054	USD	36.378
Series 2	Xtrackers Galaxy Physical Ethereum ETC	11	794,731	USD	302.393

- the price movement of Bitcoin and Ethereum movement are as follows:

Series	Digital Assets	CCY	Price 7-Nov-2023	Price 30-Sep-2024	Price Movements
Series 1	Xtrackers Galaxy Physical Bitcoin ETC	USD	35,448.28	63,564.63	79%
Series 2	Xtrackers Galaxy Physical Ethereum ETC	USD	2,434.43	2,603.06	7%

From 13 November 2023 to 30 September 2024, Bitcoin and Ethereum have exhibited notable price movements. Bitcoin commenced at approximately USD 26,000 in mid-November 2023, experiencing significant volatility and peaking at around USD 69,000 in October 2024. Throughout early 2024, Bitcoin's price saw a steady increase with notable spikes in March and June, ultimately trading around USD 63,000 by the end of September 2024. Recent prices in October 2024 have fluctuated between USD 60,000 and USD 69,000. Similarly, Ethereum began at about USD 1,700 in mid-November 2023, showing a gradual upward trend and reaching highs of approximately USD 2,700 in October 2024. Significant growth was observed in early 2024, particularly in April and July, with Ethereum trading around USD 2,600 by the end of September 2024.

Xtrackers Digital Markets ETC AG

Directors' report (continued)

Key performance indicators (continued)

The table below highlights the foreign exchange as at 30 September 2024.

	30-Sep-24
CHF - USD	1.18259
EUR - USD	1.11350

As at 30 September 2024:

- the Company's total Securities issued had a fair value of USD 16,744,522;
- the Company has invested in Digital Assets with a fair value of USD 16,764,209;
- the Product Fees payable were USD 19,687;
- the net assets were USD 128,916;
- the Company had the following ETC Securities in issue:

Series	Description	Tranche	USD
Series 1	Xtrackers Galaxy Physical Bitcoin ETC Securities	1,248,000	13,890,587
Series 2	Xtrackers Galaxy Physical Ethereum ETC Securities	365,000	2,853,935

Future developments

The directors expect that the present level of activity will be sustained for the foreseeable future. The directors of the Company will continue to seek new opportunities for the Company and will continue to ensure proper management of the current portfolio of Series of the Company.

Going concern

The Company's financial statements for the period ended 30 September 2024 have been prepared on a going concern basis. Each Series of ETC Securities is referenced to a specific asset and any loss derived from the asset will be ultimately borne by the relevant ETC Securityholders. The directors anticipate that assets are readily realisable under the terms of the Base Prospectus and hence, the Company will always have sufficient assets to meet the obligation of the ETC Securities as they fall due. The directors do not foresee any material net redemptions in the next 12 months that would trigger going concern issues. A high-level analysis was also made on the liquidity and performance of the Company following the financial period ended 30 September 2024. The directors note that there has been a mainly positive change in the value of the Digital Assets since the reporting date and the level of activity has remained stable post the financial period end. Additionally, as part of an Arrangement Agreement, the Arranger agreed to cover all operating expenses of the Company in exchange for the Product Fees. This arrangement ensures that the Company can continue to operate without financial distress. This support is expected to continue for the foreseeable future, thereby reinforcing the going concern assumption.

Russia- Ukraine conflicts

The Russia-Ukraine conflict, which began on 24 February 2022, had an impact on the cryptocurrency market, particularly on Bitcoin and Ethereum. The invasion has led to increased market price volatility, which is reflected in the daily value of these Digital Assets. The conflict has caused a general increase in the bid/offer spread of cryptocurrencies quoted by third-party market makers on the secondary market, as a consequence of the increased volatility across the market. Prolonged conflict and sanctions have the potential to affect the structural supply chains that support the cryptocurrency ecosystem, thereby influencing the price of Digital Assets on the international market. Additionally, the sanctions imposed on Russian entities have led to increased regulatory scrutiny, which could impact the liquidity and market access for cryptocurrencies. Investor sentiment has also been affected, with periods of risk aversion leading to sell-offs in the cryptocurrency market. The geopolitical tensions have sparked discussions about the regulatory environment surrounding Digital Assets, with the possibility of increased regulation to prevent the use of cryptocurrencies to circumvent sanctions. As a result, Bitcoin and Ethereum have experienced significant price fluctuations, wider spreads, and potential disruptions, adding a layer of complexity to the market in the current geopolitical climate.

Neither of the Authorised Participants are domiciled in Russia and no counterparty operations are based in Ukraine. The directors will continue to monitor the situation and appropriate steps will be taken for the smooth running of the Company's business.

Middle East Tensions

The war in the Middle East has influenced the cryptocurrency market. Bitcoin, in particular, has been affected by the conflict, with market participants speculating that the outbreak of war could trigger a price explosion due to the potential impact on the global hash rate and energy prices. On the other hand, the market has also seen short-term drops in Bitcoin's price due to the global uncertainties arising from the Israel-Hamas conflict. The economic fallout from the war, including the closure of businesses and a drop in foreign investments in Israel, has indirectly affected crypto markets, leading to volatile price movements.

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Directors' report (continued)

Going concern (continued)

USA presidential elections

Following the U.S. presidential election, which resulted in a victory for Donald Trump, Bitcoin and Ethereum experienced significant price movements. Bitcoin's price surged, breaking above USD 80,000 for the first time, reflecting the positive sentiment in the crypto community, as Trump's victory is perceived as favorable for the industry. Ethereum likely followed a similar upward trend due to the overall market sentiment and historical correlation between the two assets. The market's reaction can be attributed to expectations of a more favorable regulatory framework, historical trends of Bitcoin rallying after U.S. presidential elections, and the optimism within the crypto industry. It's important to note that while the market is currently reacting positively, the cryptocurrency space is known for its volatility, and prices can fluctuate rapidly. Investors should always exercise caution and consider the inherent risks when dealing with Digital Assets.

Crypto Markets

In the digital asset space, the collapse of Terra's algorithmic stablecoin UST in May of 2022 had second and third-order effects, leading to the insolvency of a handful of centralized lenders and asset managers over the summer, including Three Arrows Capital, Celsius, and Voyager. The digital asset space suffered a further shock in November 2022. FTX Trading Ltd, which was previously one of the world's largest centralized digital asset exchanges, and a number of entities within its complex group of companies, halted withdrawals and filed for Chapter 11 bankruptcy.

The directors believe that despite the impact these events had on the price of Digital Assets in the last year, the recent turn of events in crypto will lead to more robust infrastructure, risk management practices, and more transparency and that the fundamentals of the digital asset space remain unchanged. Last year's events are a reminder to continue building towards crypto's initial grassroots with the aim of finding the right balance between investor protection and open innovation, alongside regulatory clarity. The directors believe that non-speculative use cases will drive the long-term growth of crypto toward mainstream adoption.

Business risks and principal uncertainties

The Company is subject to various risks. The key risks facing the Company relate to their use of financial instruments and other risks (i.e. market risk, credit risk, liquidity risk and operational risk) arising from the Digital Assets which are set out in note 16 to the financial statements.

As a special purpose vehicle, the Company's corporate purpose and business focus are exclusively the issuance of Exchange Traded Products ("ETP") referencing Digital Assets. The primary risks for the Company relate to its ability to operate that business and the risks associated with Digital Assets.

If Digital Assets become less in demand in the future and the Company is unable to adapt to such changed circumstances, the Company may not be able to successfully continue its business, potentially resulting in a decline in the value of the ETP.

Results and dividends for the period

The results for the period are set out on Page 13. The Company has not paid a dividend for the period under review.

Changes in directors, Company Secretary and Registered Office

The directors, Company Secretary and Registered Office of the Company during the period and, unless otherwise indicated, up to the date on which the financial statements were approved, are shown on Page 1.

Directors, Company Secretary and their interests

None of the directors or the Company Secretary who held office on 30 September 2024 held any shares or ETC Securities in the Company at that date, or during the period. There were no contracts of any significance in relation to the business of the Company in which the directors had any interest. Refer to note 21 for full details of the relationships entered into between the Company and its related parties.

Shares and shareholders

The authorised share capital of the Company is CHF 100,000 divided into 100 registered shares of CHF 1,000 each (the "Shares") of which 100 are issued and fully paid. The Share Capital is held in its entirety by Vistra Fund Services Limited in its capacity as trustee for the Xtrackers Digital Markets (Jersey) Trust.

Xtrackers Digital Markets ETC AG

Directors' report (continued)

Subsequent events

Subsequent events have been disclosed in note 23 to the financial statements.

Independent auditor

In accordance with the applicable Company Law in Switzerland, KPMG AG, Chartered Accountants and Recognised Auditor have been appointed to continue in office. In accordance with the Securities Trading Act of Germany (home state of the Company for the purposes of the Transparency Directive 2004/109/EC as amended), KPMG AG received a confirmation of exemption from the obligation to register as third-country audit firm in Germany pursuant to § 134 Section 4 Sentence 8 WPO from the German Chamber of Public Accountants (WPK). The exemption certification can be found at the last page of this document.

On behalf of the Board

Director  
Date: Jan-29-2025

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Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and financial statements in accordance with applicable law and regulations.

Swiss Company law requires the directors to prepare financial statements for each financial period. Under that law they are required to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and applicable law.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the applicable Company Law in Switzerland. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are also required by the Transparency Directive 2004/109/EC, as amended to include a directors' report containing a fair review of the business and a description of the principal risks and uncertainties facing the Company.


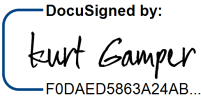
Responsibility statement of the directors in respect of the directors' report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the directors' report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face. The principal risks facing the Company are outlined in note 16 of the financial statements.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Director  84958AFD948847F...  F0DAED5863A24AB...
Date: Jan-29-2025

Independent Auditor's Report

To the General Meeting of Xtrackers Digital Markets ETC AG, Zurich

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Xtrackers Digital Markets ETC AG (the Company), which comprise the statement of financial position as at 30 September 2024, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies (page 13 to 33).

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 September 2024 and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and comply with Swiss law.

Basis for Opinion

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

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

Key audit Matters



OWNERSHIP OF ON-BALANCE CRYPTO EXPOSURE

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



OWNERSHIP OF ON-BALANCE CRYPTO EXPOSURE

Key Audit Matter

The total crypto exposure as of 30 September 2024 amounts to USD 16,764,209.

Managing digital assets bears the inherent risk of a lack of accessibility of the respective digital assets (for instance due to damage or loss of the infrastructure or cyber security incidents). Hence, secure storage of private keys and encrypted master seeds for the restoration of private keys is essential.

As the public keys are generally publicly available, this does not guarantee any power of disposal over the corresponding public address. In order to be able to dispose of the crypto asset balance on the respective address, the private key is essential. As the power of disposal cannot be derived directly from the public addresses managed by the Company's custody provider alone, there is a risk that public addresses are allocated to the Company for which there is no power of disposal by the custody provider.

Our response

Our audit procedures with respect to digital assets included, among others, the following:

- Obtaining an understanding of the overall process of the handling of crypto assets and testing the design and implementation of key internal controls;
- Receiving and inspecting the service organization's controls report addressing process and controls implemented at the custodian service providers;
- Assessing the Company's power of disposal over the crypto assets by performing microtransactions and analyzing information on the blockchain using an own Software Audit Tool;
- Examining whether the accounting principles regarding crypto assets have been described and disclosed appropriately.

For further information on the ownership of on-balance crypto exposure refer to the following:

- Note 3 (f) to the financial statements
- Note 16 (c) to the financial statements

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Company and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the 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 or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Annual Financial Statements Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the annual financial statements (hereinafter the "ESEF documents") made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the annual financial statements contained in the electronic file made available identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements for the financial year from 13 November 2023 to 30 September 2024, contained in the “Report on the Audit of the Financial Statements” above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the annual financial statements contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described below. Our audit firm applies ISQC-CH 1: Quality assurance for practices that conduct audits and reviews of financial statements and other business audits and engagements for related services (12.2022).

The Company's management is responsible for the preparation of the ESEF documents including the electronic renderings of the annual financial statements in accordance with Section 328 (1) sentence 4 item 1 HGB.

In addition, the Company's management is responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Board of Directors is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

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. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Commission Delegated Regulation (EU) 2019/815, as amended as of the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements.

Requirements based on Swiss law

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

KPMG AG



Romano Feuerstein
Licensed Audit Expert
Auditor in Charge



Benjamin Niedermayer
Licensed Audit Expert

Zurich, 30 January 2025

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Statement of comprehensive income**For the period from 13 November 2023 (date of entry in Commercial Register) to 30 September 2024**

	Note(s)	Period from 13-Nov-23 (date of entry in Commercial Register) to 30-Sep-24 USD
Revenue	4	19,687
Net fair value loss on Digital Assets	5	(763,916)
Net fair value gain on financial liabilities	6	310,437
Other income		17,260
Net change in foreign currency exchange transactions		8,629
Product fee payable	7	(19,687)
Operating expenses	8	(352)
		<u>5,850</u>
Operating loss before taxation		(427,942)
Income tax gain	3 (a), 12	104,378
		<u>104,378</u>
Loss for the period		(323,564)
Other comprehensive income for the period, net of taxation		
Revaluation of Digital Assets		453,479
Income tax expense		(110,607)
		<u>342,872</u>
Other comprehensive income that will not be reclassified to profit or loss, net of taxation		342,872
Total comprehensive income for the period		<u><u>19,308</u></u>

All items dealt with in arriving at the amended loss for the period ended 30 September 2024 related to continuing operations.

Xtrackers Digital Markets ETC AG

**Statement of financial position
As at 30 September 2024**

	Notes	30-Sep-24 USD
Assets		
Current assets		
Digital Assets at fair value	11	16,764,209
Cash and cash equivalents	9	117,886
Other receivables	10	17,259
Total current assets		<u>16,899,354</u>
Total assets		<u><u>16,899,354</u></u>
Equity		
Share capital	14	109,608
Revaluation Surplus		342,872
Retained loss		(323,564)
Total equity		<u>128,916</u>
Current liabilities		
Other payables	12	6,229
Arranger Fees payable		19,687
Financial liabilities designated at fair value through profit or loss	13	16,744,522
Total current liabilities		<u>16,770,438</u>
Total liabilities and equity		<u><u>16,899,354</u></u>

Jan-29-2025

The financial statements on pages 13 to 33 were approved by the Board and authorised for issue on..... 2025.

On behalf of the Board

Director 

Date: Jan-29-2025

Director 

Date: Jan-29-2025

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Statement of changes in equity**For the period from 13 November 2023 (date of entry in Commercial Register) to 30 September 2024**

	Share Share capital USD	Retained loss USD	Revaluation surplus USD	Total equity USD
Balance as at 13 November 2023	-	-	-	-
Issue of shares during the period	109,608	-	-	109,608
<i>Total comprehensive income for the period</i>				
Loss for the period	-	(323,564)	-	(323,564)
<i>Other comprehensive income for the period</i>				
Other comprehensive income that will not be reclassified to profit or loss, net of taxation	-	-	342,872	342,872
Balance as at 30 September 2024	109,608	(323,564)	342,872	128,916

The notes on pages 17 to 33 form an integral part of the financial statements.

Xtrackers Digital Markets ETC AG

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Statement of cash flows**For the period from 13 November 2023 (date of entry in Commercial Register) to 30 September 2024**

	Notes	Period from 13-Nov-23 (date of entry in Commercial Register) to 30-Sep-24 USD
Cash flows from /(used in) operating activities		
Operating loss before taxation		(427,942)
Adjustments for:		
Increase in other receivables		(17,259)
Decrease in Financial liabilities designated at fair value through profit or loss		(19,687)
Increase in Arranger Fees payable		19,687
Net change in foreign currency exchange transactions		(8,629)
Net fair value gain on financial liabilities	6	(310,437)
Net fair value loss on Digital Assets	5	763,916
Net cash used in operating activities		<u>(351)</u>
Cash flows from /(used in) financing activities		
Proceeds from issuance of share capital	14	109,608
Net cash generated from financing activities		<u>109,608</u>
Movement in cash and cash equivalents		
Foreign exchange gain on cash and cash equivalents		109,257
Cash and cash equivalents at start of period		8,629
Cash and cash equivalents at end of the period	9	<u><u>117,886</u></u>

Non-cash Transactions during the period include:

Purchase of Digital Assets	11	(20,919,732)
Proceeds from disposal of Digital Assets	11	3,845,086
Proceeds from issuance of financial liabilities designated at fair value through profit or loss	13	20,919,732
Redemption of financial liabilities designated at fair value through profit or loss	13	(3,845,086)
		<u><u>-</u></u>

The notes on pages 17 to 33 form an integral part of the financial statements.

Xtrackers Digital Markets ETC AG

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Notes to the financial statements

For the period from 13 November 2023 (date of entry in Commercial Register) to 30 September 2024

1 General information

The Company was incorporated as a stock corporation (Aktiengesellschaft) under the Laws of Switzerland for an unlimited duration and was first registered on 13 November 2023 with the Commercial Register of the Canton of Zurich under the Company registration number CHE- 224.432.590. The Company's registered office is located at Vistra Zürich AG, Talstrasse 83, 8001 Zurich, Switzerland.

The Company has been established as a special purpose vehicle for the purpose of issuing debt securities (the "ETC Securities"), purchasing eligible Crypto Assets ("Digital Assets") and/or entering into related transactions as described in the Company's Base Prospectus. The only assets available to the Company for making payments and fulfilling delivery obligations under the ETC Securities, as well as the Company's contractual rights under the relevant programme level and series level documents associated with these ETC securities, will be the Crypto Asset Collateral, which is segregated for these securities. The Company is entirely reliant on the Crypto Asset Collateral to meet its obligations under the ETC Securities and possesses no other assets.

The ETC Securities will be issued in Series, with the ETC Securities of each Series being intended to be interchangeable with all other ETC Securities of that Series. The Company may issue further Tranches of a Series of ETC Securities from time to time.

ETC Securities issued under the Programme are non-interest bearing, undated, secured, debt obligations of the Company. The ETC Securities do not pay dividends or interest. ETC Securities are limited recourse obligations of the Company, ranking *pari passu* without any preference among themselves.

As at 30 September 2024, the ETC Securities issued were listed on Deutsche Börse Xetra ("Xetra").

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and in accordance with the applicable Company Law in Switzerland.

Going concern

The Company's financial statements for the period ended 30 September 2024 have been prepared on a going concern basis. Each Series of ETC Securities is referenced to a specific asset and any loss derived from the asset will be ultimately borne by the relevant ETC Securityholders. The directors anticipate that assets are readily realisable under the terms of the Base Prospectus and hence, the Company will always have sufficient assets to meet the obligation of the ETC Securities as they fall due. The directors do not foresee any material net redemptions in the next 12 months that would trigger going concern issues. A high-level analysis was also made on the liquidity and performance of the Company following the financial period ended 30 September 2024. The directors note that there has been a mainly positive change in the value of the Digital Assets since the reporting date and the level of activity has remained stable post the financial period end. Additionally, as part of an Arrangement Agreement, the Arranger agreed to cover all operating expenses of the Company in exchange for the Product Fees. This arrangement ensures that the Company can continue to operate without financial distress. This support is expected to continue for the foreseeable future, thereby reinforcing the going concern assumption.

Russia- Ukraine conflicts

The Russia-Ukraine conflict, which began on 24 February 2022, had an impact on the cryptocurrency market, particularly on Bitcoin and Ethereum. The invasion has led to increased market price volatility, which is reflected in the daily value of these Digital Assets. The conflict has caused a general increase in the bid/offer spread of cryptocurrencies quoted by third-party market makers on the secondary market, as a consequence of the increased volatility across the market. Prolonged conflict and sanctions have the potential to affect the structural supply chains that support the cryptocurrency ecosystem, thereby influencing the price of Digital Assets on the international market. Additionally, the sanctions imposed on Russian entities have led to increased regulatory scrutiny, which could impact the liquidity and market access for cryptocurrencies. Investor sentiment has also been affected, with periods of risk aversion leading to sell-offs in the cryptocurrency market. The geopolitical tensions have sparked discussions about the regulatory environment surrounding Digital Assets, with the possibility of increased regulation to prevent the use of cryptocurrencies to circumvent sanctions. As a result, Bitcoin and Ethereum have experienced significant price fluctuations, wider spreads, and potential disruptions, adding a layer of complexity to the market in the current geopolitical climate.

Neither of the Authorised Participants are domiciled in Russia and no counterparty operations are based in Ukraine. The directors will continue to monitor the situation and appropriate steps will be taken for the smooth running of the Company's business.

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Notes to the financial statements (continued)**For the period from 13 November 2023 (date of entry in Commercial Register) to 30 September 2024****2 Basis of preparation (continued)****(a) Statement of compliance (continued)***Middle East Tensions*

The war in the Middle East has influenced the cryptocurrency market. Bitcoin, in particular, has been affected by the conflict, with market participants speculating that the outbreak of war could trigger a price explosion due to the potential impact on the global hash rate and energy prices. On the other hand, the market has also seen short-term drops in Bitcoin's price due to the global uncertainties arising from the Israel-Hamas conflict. The economic fallout from the war, including the closure of businesses and a drop in foreign investments in Israel, has indirectly affected crypto markets, leading to volatile price movements.

Crypto Markets

In the digital asset space, the collapse of Terra's algorithmic stablecoin UST in May of 2022 had second and third-order effects, leading to the insolvency of a handful of centralized lenders and asset managers over the summer, including Three Arrows Capital, Celsius, and Voyager. The digital asset space suffered a further shock in November 2022. FTX Trading Ltd, which was previously one of the world's largest centralized digital asset exchanges, and a number of entities within its complex group of companies, halted withdrawals and filed for Chapter 11 bankruptcy.

The directors believe that despite the impact these events had on the price of Digital Assets in the last year, the recent turn of events in crypto will lead to more robust infrastructure, risk management practices, and more transparency and that the fundamentals of the digital asset space remain unchanged. Last year's events are a reminder to continue building towards crypto's initial grassroots with the aim of finding the right balance between investor protection and open innovation, alongside regulatory clarity. The directors believe that non-speculative use cases will drive the long-term growth of crypto toward mainstream adoption.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the Statement of financial position:

- Digital Assets at fair value are measured at fair value; and
- Financial liabilities designated at fair value through profit or loss are measured at fair value.

The method used to measure fair values are discussed further in note 3(f, g) and 17.

(c) Functional and presentation currency

Functional currency is the currency of the primary economic environment in which the entity operates. The Company does not have an investment strategy limited to one currency, as such the currency of the assets held and Notes in issue is expected to change periodically as a result of investor demand. The directors believe that the functional and the presentation currency should be US dollars (USD) as the majority of the Company's transactions, including revenue, expenses, and financing, are predominantly conducted in USD. As such USD is the currency that most faithfully represents the economic effects of the transactions, events and conditions of the Company's underlying operations.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the directors to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Details of material judgements and estimates have been further described in accounting policy note 3(g) "Financial instruments" and note 17 "Fair Values" to the financial statements.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

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Notes to the financial statements (continued)**For the period from 13 November 2023 (date of entry in Commercial Register) to 30 September 2024****2 Basis of preparation (continued)****(d) Use of estimates and judgements (continued)***Determination of measurement basis for Digital Assets*

The directors note that the topic of Digital Assets and the accounting for Digital Assets continues to be considered by the International Accounting Standards Board (IASB) and continue to monitor new comments and interpretations released by the Board and other standard setters from around the world.

Following a review of the facts and circumstances, the directors have considered their position for the period ended 30 September 2024 and have determined that the Digital Assets fall within the scope of IAS 38 - Intangible Assets. In accordance with IAS 38, the Company recognizes and measures Digital Assets, specifically its Bitcoin and Ethereum, as intangible assets using the revaluation model.

Determination of fair value of financial liabilities issued at fair value through profit or loss

The financial liabilities designated at fair value through profit or loss are measured using the current market price of the underlying Digital Assets less any Product Fees. The valuation of ETC Securities issued by the Company is determined through a precise mechanism involving the Coin Entitlement and the current market price of the underlying Digital Assets. Each ETC Security represents a claim on a specific quantity of the underlying Digital Assets. The Coin Entitlement is the amount of the underlying asset attributable to a single ETC Security. The fair value of an ETC Security is calculated by multiplying the Coin Entitlement by the current market price of the underlying Digital Assets. This ensures that the valuation reflects the most up-to-date market conditions. Accordingly, consistent with IFRS 13.19, the directors have determined that the principal market from the perspective of the Company is the market created between the Company and the Authorised Participants. In the opinion of the directors, this is the most appropriate method of estimating fair value, as the Company is contractually obliged to settle the ETC Securities at their calculated price.

Product Fees

The Product Fee accrues on a daily basis and reduces the Coin Entitlement. The Product Fee for a Series of Securities is specified in the applicable Final Terms and may be varied by the Issuer from time to time in accordance with the Conditions. Accordingly, the Product Fees form an integral component of the determination of the daily fair values of the ETC Securities, and are separately accounted for as an expense. Please refer to note 3(g) "Financial instruments" for further details.

(e) Changes in accounting standards

New standards, amendments and interpretations issued but not effective for the financial period beginning 13 November 2023 (date of entry in Commercial Register) and not early adopted

Description	Effective date
Amendments to IAS 1 Presentation of Financial Statements : Classification of liabilities	1 January 2024*
Amendments to IFRS 16 Leases	1 January 2024*
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures	1 January 2024**
Amendments to IFRS 9 Contracts Referencing Nature-dependent Electricity	1 January 2026**
Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7.	1 January 2026**
IFRS 18 Presentation and disclosure in Financial Statements	1 January 2027**
Amendments to IAS 21 The effects of changes in Foreign Exchange Rates	1 January 2025**

*Where new requirements are endorsed, the EU effective date is disclosed. For un-endorsed standards and interpretations, the IASB's effective date is noted. Where any of the requirements are applicable to the Company, it will apply them from their EU effective date.

** Not endorsed.

The directors have considered the new standards, amendments and interpretations as detailed in the above table and do not plan to adopt these standards early. The directors anticipate that the adoption of those standards or interpretations, except for IFRS 18, will have no material impact on the financial statements of the Company in the period of initial application.

The Company is currently assessing the impact of IFRS 18. It is not feasible to provide a reasonable estimate of the effect until a comprehensive review has been completed.

Xtrackers Digital Markets ETC AG**Notes to the financial statements (continued)****For the period from 13 November 2023 (date of entry in Commercial Register) to 30 September 2024****3 Material accounting policies****(a) Income tax gain**Current income tax

The company is subject to several taxes in Switzerland, including federal corporate income tax, cantonal and municipal corporate income tax, capital tax, withholding tax and stamp duty which is applicable on the issuance and transfer of certain securities. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

The Company shall offset current tax assets and current tax liabilities if, and only if, the entity:

- (a) has a legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met:

- (i) The entity has a legally enforceable right to set off current tax assets against current tax liabilities;
- (ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on
 - (a) the same taxable entity; or
 - (b) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise

There are currently no deferred taxes.

(b) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in the Statement of comprehensive income.

Xtrackers Digital Markets ETC AG**Notes to the financial statements (continued)****For the period from 13 November 2023 (date of entry in Commercial Register) to 30 September 2024****3 Material accounting policies (continued)****(c) Net fair value loss on Digital Assets**

Net fair value loss on Digital Assets relates to the movement in the prices of Digital Assets and includes all realised and unrealised fair value changes and foreign exchange differences. Any gains arising from changes in fair value of Digital Assets are recognized in Other Comprehensive Income (OCI) and accumulated in equity under the heading of revaluation surplus. Subsequently, if there are any losses in the fair value of Digital Assets and if the loss is less than or equal to the revaluation surplus for the same asset, the decrease is first offset against the revaluation surplus for that asset. This means the loss is recognized in OCI to the extent of any credit balance existing in the revaluation surplus for that asset. If the loss exceeds the revaluation surplus for the Digital Assets, the excess is recognized in the Statement of Comprehensive Income, directly impacting the income statement. Details of recognition and measurement of Digital Assets are disclosed in the accounting policy for Digital Assets (note 3(f)).

(d) Net fair value gain on financial liabilities

Net fair value gain on financial liabilities designated at fair value through profit or loss relates to ETC Securities issued by the Company and includes all realised and unrealised fair value changes and foreign exchange differences. Any gains and losses arising from changes in the fair value of the financial liabilities designated at fair value through profit or loss are recorded in net fair value loss on ETC Securities in the Statement of comprehensive income. Details of recognition and measurement of financial liabilities are disclosed in the accounting policy of financial instruments (note 3(g)).

(e) Other expenses

In accordance with the Arrangement Agreement, DWS Investments UK Limited (the Arranger) receives 100% of the Product Fee for each issued series. In return, the Arranger is responsible for covering a designated list of Programme expenses as outlined in the Arrangement Agreement. This list may be amended periodically, including instances where the total expenses exceed the Product Fee allocated to the Arranger.

(f) Digital Assets at fair value

The Company holds Digital Assets equal to the amount due to holders of ETC Securities solely for the purposes of meeting its obligations under the ETC Securities.

The Digital Assets are classified as Intangible Assets in accordance with IAS 38. The Digital Assets are measured at fair value and any gains arising from changes in fair value of Digital Assets are recognized in Other Comprehensive Income (OCI) and accumulated in equity under the heading of revaluation surplus. Subsequently, if there are any losses in the fair value of Digital Assets and if the loss is less than or equal to the revaluation surplus for the same asset, the decrease is first offset against the revaluation surplus for that asset. This means the loss is recognized in OCI to the extent of any credit balance existing in the revaluation surplus for that asset. If the loss exceeds the revaluation surplus for the Digital Assets, the excess is recognized in the Statement of Comprehensive Income, directly impacting the income statement.. Any costs to sell the cryptocurrencies that arise in the course of settling the Company's obligations under the ETC Securities are borne by the holders of the ETC Securities ("ETC Securityholders").

Initial recognition

Digital Assets are initially recorded at their fair value at the date of acquisition. This fair value is typically based on the transaction price at the time of purchase.

Subsequent Measurement

Following initial recognition, cryptocurrencies are revalued at each reporting date to reflect their current fair value, determined based on active market prices from reputable cryptocurrency exchanges.

Revaluation Surplus and Decrease

Any increase in fair value is recognised as a revaluation surplus within other comprehensive income, increasing equity. Conversely, if the fair value decreases, the decline is first offset against any existing revaluation surplus for the asset. If there is no surplus, or if the decrease exceeds the surplus, the excess loss is recognised as an expense in Statement of comprehensive income.

Frequency of Revaluation

To ensure that carrying amounts reflect fair value, revaluations are conducted regularly, with adjustments made as necessary to address the high volatility associated with cryptocurrencies.

Xtrackers Digital Markets ETC AG**Notes to the financial statements (continued)****For the period from 13 November 2023 (date of entry in Commercial Register) to 30 September 2024****3 Material accounting policies (continued)****(f) Digital Assets at fair value (continued)***Derecognition*

The Company derecognises Digital Assets when either of the following conditions is met:

Disposal: The Digital Asset is derecognised upon disposal, which includes sale, exchange, or abandonment. The carrying amount of the asset is removed from the balance sheet, and any resultant gain or loss is recognised in the Statement of comprehensive income for the period.

No Future Economic Benefits: If no future economic benefits are expected to arise from the use or disposal of the Digital Asset, it is derecognised. This may occur due to obsolescence, changes in market conditions, or other factors rendering the asset economically unviable.

Upon derecognition of the Digital Asset, the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in Statement of comprehensive income.

If the Digital Asset was measured using the revaluation model, any revaluation surplus related to the asset is transferred to retained earnings upon derecognition.

Fair value measurement principles

The Digital Assets are valued using the principles:

The Company uses the MSCI Digital Assets Reference Indexes, which reflect the prices of Bitcoin and Ethereum. The Company uses Bitcoin and Ethereum spot prices which are derived from the Bloomberg fixing for the MSCI Digital Assets Reference Indexes. This index provides a reliable and transparent reference for the prices of Bitcoin and Ethereum, which are also used to determine the values of the ETCs.

(g) Financial instruments*Initial recognition*

Financial assets and financial liabilities are recognised initially at the trade date at which the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to their acquisition or issue.

Classification

The Company has classified its debt financial liabilities issued at amortised cost. For other financial instruments, the classification is based on both the Company's business model for managing those Instruments and the contractual cash flow characteristics of the instruments.

Accordingly, the financial assets and financial liabilities are classified into the following categories:

Financial liabilities at fair value through profit or loss:

- Financial liabilities designated at fair value through profit or loss

Financial assets at amortised cost:

- Cash and cash equivalents and other receivables

Financial liabilities at amortised cost:

- Other payables

Subsequent measurement

After initial measurement, the instruments at amortised cost are recorded at the amount at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method or any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

The ETC Securities are classified as financial liabilities designated at fair value through profit or loss. This classification reflects the nature of the ETC Securities as instruments that are managed and for which performance is evaluated on a fair value basis.

Xtrackers Digital Markets ETC AG**Notes to the financial statements (continued)****For the period from 13 November 2023 (date of entry in Commercial Register) to 30 September 2024****3 Material accounting policies (continued)****(g) Financial instruments (continued)**

The financial liabilities designated at fair value through profit or loss are measured using the current market price of the underlying Digital Assets less any Product fees. The valuation of ETC Securities issued by the Company is determined through a precise mechanism involving the Coin Entitlement and the current market price of the underlying Digital Assets. Each ETC Security represents a claim on a specific quantity of the underlying Digital Assets. The Coin Entitlement is the amount of the underlying asset attributable to a single ETC Security. The fair value of an ETC Security is calculated by multiplying the Coin Entitlement by the current market price of the underlying Digital Assets. This ensures that the valuation reflects the most up-to-date market conditions. Accordingly, consistent with IFRS 13.19, the directors have determined that the principal market from the perspective of the Company is the market created between the Company and the Authorised Participants. In the opinion of the directors, this is the most appropriate method of estimating fair value, as the Company is contractually obliged to settle the ETC Securities at their calculated price.

Initial Recognition

ETC Securities are initially recognised at fair value. Transaction costs are recognised in Statement of comprehensive income as incurred.

Subsequent measurement

Subsequent to initial recognition, ETC Securities are measured at fair value. Gains and losses arising from changes in fair value are recognized in Statement of comprehensive income in the period in which they occur.

Derecognition

ETC Securities are derecognized when the obligation specified in the contract is discharged, canceled, or expires. This means that the ETC Securities are removed from the Statement of financial position when they are redeemed or canceled by the Issuer.

Offsetting

Financial assets and liabilities are not offset in the financial statements unless there is a legally enforceable right to offset the recognized amounts and an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. However, for ETC Securities, offsetting is not typically relevant as the securities are primarily measured at fair value through profit or loss.

(h) Other receivables

Other receivables are accounted for at amortised cost.

(i) Cash and cash equivalents

Cash and cash equivalents include deposits held at call with the cash custodian which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short term commitments.

(j) Share capital

Share capital is issued in Swiss Franc ("CHF"). Incremental costs, if any, are directly attributable to the issue of new shares and are shown in equity as a deduction from the proceeds.

(k) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). The Chief Operating Decision Maker (CODM) of the operating segment are the directors. The CODM is responsible for all the Company's activities. The Company has been established as a special purpose vehicle to issue debt securities (the "ETC Securities") and purchase eligible Digital Assets and is operated as one operating segment. Refer to notes 11 and 13 for the fair values of the Digital Assets and ETC Securities by Series.

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Notes to the financial statements (continued)

For the period from 13 November 2023 (date of entry in Commercial Register) to 30 September 2024

4 Revenue	Period ended 30-Sep-24 USD
Product Fees	19,687
	<u>19,687</u>

Series	Description	Period ended 30-Sep-24 USD
Series 1	Xtrackers Galaxy Physical Bitcoin ETC	16,463
Series 2	Xtrackers Galaxy Physical Ethereum ETC	3,224
		<u>19,687</u>

*The Company's main revenue comes from Product Fees charged to Authorised Participants for access to specific Digital Assets via ETC Securities.

The Product Fees are accounted for as a reduction in the Coin Entitlement when calculating the fair value of the ETC Securities. This results in a corresponding decrease in the fair value of ETC Securities. The Product Fees are recorded separately in the Statement of comprehensive income. During the period, the Company recognized the following Product Fees in Statement of comprehensive income:

5 Net fair value loss on Digital Assets	Period ended 30-Sep-24 USD
Realised loss on disposals of Digital Assets	(86,437)
Net fair value loss on Digital Assets	(677,479)
	<u>(763,916)</u>

6 Net fair value gain on financial liabilities	Period ended 30-Sep-24 USD
Net fair value gain on ETC Securities	310,437
	<u>310,437</u>

7 Product fee payable	Period ended 30-Sep-24 USD
*Product Fee payable to Arranger	(19,687)
	<u>(19,687)</u>

*As part of an Arrangement Agreement between the Company and the Arranger, the Company has agreed to remitt the Product Fees, to the Arranger. In return, the Arranger has agreed to pay all the operating expenses of the Company.

8 Operating expenses	Period ended 30-Sep-24 USD
Bank charges	(352)
	<u>(352)</u>

All costs associated with the Company are paid by the Arranger including audit fees. Audit fees incurred for the period ended 30 September 2024 amounted to USD 82,781.

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Notes to the financial statements (continued)

For the period from 13 November 2023 (date of entry in Commercial Register) to 30 September 2024

9 Cash and cash equivalents	30-Sep-24
	USD
Cash at bank	117,886
	<u>117,886</u>

10 Other receivables	30-Sep-24
	USD
Other receivables	17,259
	<u>17,259</u>

11 Digital Assets at fair value

Series name	Product	Unit Holdings	CCY	Price CCY	Fair value USD
Series 1	Bitcoin	218.01	USD	63,715.84	13,890,586
Series 2	Ethereum	1,093.04	USD	2,611.01	2,853,936
Digital Assets at fair value due to the Company			USD		19,687
					<u>16,764,209</u>

Movement in Digital Assets at fair value

	30-Sep-24
	USD
At beginning of the period	-
Additions during the period	20,919,732
Disposals during the period	(3,845,086)
Realised loss on disposals	(86,437)
Net changes in fair value during the period	(224,000)
At end of the period	<u>16,764,209</u>

12 Other payables	30-Sep-24
	USD
Amounts falling due within one year	
Tax payable	6,229
	<u>6,229</u>

13 Financial liabilities designated at fair value through profit or loss

	30-Sep-24	
	Tranche issued	Fair value USD
ETC Securities issued	1,613,000	16,744,522
		<u>16,744,522</u>

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Notes to the financial statements (continued)

For the period from 13 November 2023 (date of entry in Commercial Register) to 30 September 2024

13 Financial liabilities designated at fair value through profit or loss (continued)

Movement in ETC Securities issued	30-Sep-24 USD
At beginning of the period	-
Issue of ETC Securities issued during the period	20,919,732
Redemption of ETC Securities during the period	(3,845,086)
Coin entitlement of ETC Securities	(19,687)
Net changes in fair value during the period	(310,437)
At end of the period	<u>16,744,522</u>

The ETC Securities issued are listed on Deutsche Borse Xetra ("Xetra"). Refer to note 16 for a description of the key risks regarding the issue of these instruments. The Company's obligations under the financial liabilities issued are secured by the Digital Assets as per note 11. The investors' recourse per Series is limited to the assets of that particular Series. The Series have an option for early redemption.

The financial liabilities in issue at 30 September 2024 are as follows:

Series	Description	CCY	Product Fees	Tranche Outstanding 30-Sep-24	Fair value USD 30-Sep-24
Series 1	Xtrackers Galaxy Physical Bitcoin ETC Securities	USD	0.35%	1,248,000	13,890,587
Series 2	Xtrackers Galaxy Physical Ethereum ETC Securities	USD	0.35%	365,000	2,853,935

Movement in fair values by Series for the period ended 30 September 2024

Series	Description	Opening balance 07-Nov-23 USD	Issuances USD	Redemptions USD	Net changes in fair values USD	Coin entitlement of ETC Securities USD	Closing balance 30-Sep-24 USD
Series 1 - Xtrackers Galaxy Physical Bitcoin ETC		-	17,063,510	(3,584,823)	428,362	(16,463)	13,890,586
Series 2 - Xtrackers Galaxy Physical Ethereum ETC		-	3,856,221	(260,263)	(738,798)	(3,224)	2,853,936
		<u>-</u>	<u>20,919,731</u>	<u>(3,845,086)</u>	<u>(310,435)</u>	<u>(19,688)</u>	<u>16,744,522</u>

The ETC Securities issued by the Company are perpetual instruments with no fixed maturity date and redemption of these ETC Securities will be governed exclusively by the provisions outlined in Condition 9 (Redemption of ETC Securities) of the Base Prospectus. The ETC Securities do not bear interest.

The primary source of revenue for the Company is derived from Product Fees. These fees are charged to Authorised Participants for providing them with exposure to specific Digital Assets through the issuance of ETC Securities. While the Product Fees are incurred as part of the fair value measurement of the ETC Securities, they are ultimately payable to the Arranger. The Arranger, in exchange, as part of an Arrangement Agreement, agreed to pay all the operating expenses of the Company.

14 Share capital*Authorised:*

100 ordinary shares of CHF 1,000 each

30-Sep-24**CHF**100,000*Issued and fully paid:*

100 ordinary shares of CHF 1,000 each

CHF100,000**USD**109,608100,000109,608

Converted at the historic rate of CHF/USD: 1.09608

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Notes to the financial statements (continued)**For the period from 13 November 2023 (date of entry in Commercial Register) to 30 September 2024****14 Share capital (continued)**

As at 30 September 2024, the ordinary share capital was held in its entirety by Vistra Fund Services Limited in its capacity as trustee ("Trustee") for the Xtrackers Digital Markets (Jersey) Trust:

	30-Sep-24
	CHF
Vistra Fund Services Limited	100,000
	<u>100,000</u>
	<u>100,000</u>

The authorised share capital of the Company is CHF 100,000, out of which 100 ordinary shares have been issued and fully paid. The Trustee have no beneficial interest in and derives no benefit from its holding of the shares. There are no other rights that pertain to the shares and the shareholders.

15 Capital risk management

The Company is a special purpose vehicle set up to issue ETC Securities for the purpose of making investments as defined under the Base Prospectus and Final Terms of the Company. Share capital of CHF 100,000 was issued in line with applicable Swiss Company Law and is not used for financing the investment activities of the Company. The Company is not subject to any other externally imposed capital requirements.

16 Financial risk management*Risk management framework*

The Company, and ultimately the holders of the ETC Securities, have exposure to the following risks from its use of financial instruments:

- (a) Market risk;
- (b) Credit risk;
- (c) Liquidity risk; and
- (d) Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing these risks. Given the nature of the Company's activities, risk management disclosures for Digital Assets at fair value have been included alongside the Company's financial instruments.

(a) Market risk

Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. The ETC Securityholders are exposed to the market risk of the financial instruments.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financials instruments will fluctuate as a result of a change in interest rates. The ETC Securities and the Digital Assets do not bear interest. As such, the Company and ETC Securityholders have very limited exposure to interest rate risk.

(ii) Currency risk

Currency risk is the risk which arises where the assets and liabilities of the Company are denominated in currencies other than its functional currency. As at 30 September 2024, the Company is exposed to assets and liabilities denominated in Euro (Eur) and Swiss francs (CHF).

The Company had the following exposure to foreign currencies as at 30 September 2024:

30 September 2024	Euro	CHF
Cash and cash equivalents	-	117,886
Other receivables	-	17,259
Other payables	-	(6,229)
	<u>-</u>	<u>128,916</u>

Xtrackers Digital Markets ETC AG**Notes to the financial statements (continued)**

For the period from 13 November 2023 (date of entry in Commercial Register) to 30 September 2024

16 Financial risk management (continued)**(a) Market risk (continued)***(ii) Currency risk (continued)*

The following exchange rates have been applied during the period:

	Average rate - period ended	Closing rate
	30-Sep-24	30-Sep-24
CHF-USD	1.13592	1.18259
EUR-USD	1.08744	1.11350

The impact of changes in foreign exchange rates on the Digital Assets at fair value is offset by the impact of foreign exchange rate changes on the financial liabilities. Therefore any change in the exchange rates would have no net effect on the equity or the profit or loss of the Company.

(iii) Price risk

Price risk is the risk that changes in market prices of Digital Assets will affect the Company's income, expense, Digital Assets and ETC Securities held at fair value through profit or loss. The Company's liabilities are exposed to the market prices of the Digital Assets. However, the risk is mitigated by the Company holding quantities of Digital Assets equivalent to the weight of the coin entitlement for each Series of ETC Securities issued.

Several factors may affect the price of Digital Assets, including, but not limited to: supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of Digital Assets or the use of Digital Assets as a form of payment. There is no assurance that Digital Assets will maintain their long-term value in terms of purchasing power in the future, or that acceptance of Digital Assets payments by mainstream retail merchants and commercial businesses will grow.

10% is the sensitivity rate used internally by key management personnel and represents management's assessment of the reasonably possible change in Digital Asset prices, resulting in an increase of USD 1,674,452 in the financial liabilities designated at fair value through profit or loss at period end.

Any increase in fair value is recognized as a revaluation surplus within other comprehensive income, increasing equity. Conversely, if the fair value decreases, the decline is first offset against any existing revaluation surplus for the asset. If there is no surplus, or if the decrease exceeds the surplus, the excess loss is recognized as an expense in the Statement of comprehensive income.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's principal financial assets are cash and cash equivalents, other receivables which represents the Company's maximum exposure to credit risk.

	30-Sep-24
	USD
Other receivables	17,259
Cash and cash equivalents	117,886
	135,145

At the reporting date the Company did not have any issued ETC Securities awaiting the transfer of Digital Assets and therefore no residual credit risk exposure.

Other receivables

The other receivables mainly represents income receivable from the Arranger to meet its minimum profit requirement of CHF20,000. As such, the Company has not recognised an allowance for Expected Credit Loss (ECL) for the period under review.

Xtrackers Digital Markets ETC AG

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Notes to the financial statements (continued)**For the period from 13 November 2023 (date of entry in Commercial Register) to 30 September 2024****16 Financial risk management (continued)****(c) Custodian risk**

The Company has established a custody relationship with Zodia Custody (Ireland) Limited (“Zodia”) and appointed Zodia as Custodian. In this arrangement, all the Company’s Crypto Asset Collateral were held in Wallets operated by Zodia. Zodia has operated a “cold” (i.e., offline) storage solution for the Crypto Asset Collateral. The main risk of such solutions has been the potential damage or loss of the infrastructure on which such storage relies, which may render the Crypto Asset Collateral inaccessible until the Wallets can be reconstituted using the encrypted master seed along with a new Hardware Security Module (“HSM”). The master seed allows for the recreation of the master key, facilitating the reconstitution of the Wallet seeds and their respective private keys. The master seed is unique and irreplaceable.

Public keys, or addresses derived from them, are generally publicly available. However, this does not grant any control over the crypto assets associated with a given public address. In order to be able to dispose of the crypto asset balance associated with a public address, the private key corresponding to the respective public key is essential, as private keys are used to sign outbound transactions and prove ownership.

As the power of control cannot be derived directly from the public addresses managed by Zodia, there is a risk that public addresses may be allocated to the Company for which there is no power of control by Zodia. This introduces potential risks related to the accessibility and management of Crypto Assets including the inability to transact or recover funds.

Ultimately, all credit and counterparty risks associated with Zodia Custody (Ireland) Limited are borne by the ETC Securityholders.

On 13 September 2024, the Company appointed Coinbase Custody International Limited as its Custodian. However, as of 30 September 2024, no Crypto Assets were held with them.

The Company’s ability to meet its obligations with respect to the ETC Securities is dependent upon the performance of the Custodian(s) of their obligations under the relevant Custody Agreement. The directors have also considered the credit risk and counterparty risk with the Custodian given the significance of the Digital Assets to the overall financial position of the Company. As at 30 September 2024, the Company held Digital Assets at fair value of USD 16,764,208.

Custodian risk is managed by the Company by subjecting the Custodians to a detailed due diligence review prior to their appointment, as well as undertaking regular due diligence updates and undertaking ongoing monitoring of their service. Furthermore, the multi-custodian approach allows the Company to hold Digital Assets across more than one custodian, therefore diversifying the custodian risk further. On this basis, the directors are of the opinion that the counterparty risk is acceptable.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company limits its exposure to liquidity risk given the Company’s ability to realise the Digital Assets in cash and the Digital Assets held by each series match the securities issued and redemptions made. The ultimate amount repaid to the ETC Securityholders is limited in recourse to the proceeds from the Digital Assets. All liquidity risk associated with the Digital Assets are ultimately borne by the ETC Securityholders.

The financial liabilities as at 30 September 2024 are as follows:

	Carrying amount	Gross contractual	Less than one year
	USD	USD	USD
Financial liabilities designated at fair value through profit or loss	16,744,522	16,744,522	16,744,522
Other payables	6,229	6,229	6,229
Management fees payable	19,687	19,687	19,687
	<u>16,770,438</u>	<u>16,770,438</u>	<u>16,770,438</u>

Due to the fact that the ETC Securityholders have the option to redeem the securities any time, the financial liabilities designated at fair value through profit or loss have been classified as due in less than one year. The carrying amount and the gross contractual obligations are equal to the fair value of each liability as stated in the Statement of financial position.

Subscriptions

Authorised Participants (APs) who are typically financial institutions will subscribe for new ETC Securities either in cash or in kind or redeem existing ones in accordance with the terms and conditions set out in the Authorised Participant Agreement.

Xtrackers Digital Markets ETC AG**Notes to the financial statements (continued)****For the period from 13 November 2023 (date of entry in Commercial Register) to 30 September 2024****16 Financial risk management (continued)****(d) Liquidity risk (continued)***Redemptions*

The redemption process for ETC Securities varies based on whether redemption is through Physical Settlement or Cash Settlement. Redemption via Cash Settlement with the Company is permitted only when the AP Cash Settlement Conditions or the Investor Cash Settlement Conditions, as defined in the Conditions attached to the Base Prospectus of the Company are satisfied.

In the event of Physical Settlement, the The Administration Agent, acting on behalf of the Company will direct the Custodian to transfer the appropriate amount of Crypto Asset Collateral, equivalent to the Physical Redemption Amount, to the Authorised Participant or, if applicable, to the Securityholder who is not an Authorised Participant. This process will be conducted provided that the AP Physical Settlement Conditions or the Investor Physical Settlement Conditions respectively are met.

For Cash Settlement at the option of a Securityholder which is not an Authorised Participant, the Crypto Execution Agent, acting on behalf of the Company, will arrange the sale of the Crypto Asset Collateral through a Crypto Broker. The Principal Paying Agent will then transfer the sale proceeds, in the Settlement Currency, equal to the Cash Redemption Amount, to the Securityholder via the financial intermediary (either the relevant Clearing System or a broker acting as an intermediary) who maintains the ETC Securities account for the Securityholder. The intermediary will subsequently deliver the ETC Securities subject to redemption back to the Issuing Agent through the relevant Clearing System.

For Cash Settlement at the option of an Authorised Participant, the Crypto Execution Agent, acting on behalf of the Company, will arrange the sale of the Crypto Asset Collateral through a Crypto Broker. The Principal Paying Agent will then transfer the Cash Redemption Amount, to the Authorised Participant against delivery of the Securities relevant to the Redemption Order.

In the event that all ETC Securities of the relevant series are fully redeemed, the redemption will be executed exclusively through Cash Settlement.

The redemption amount for each Security is determined based on the Coin Entitlement, which represents the quantity of the underlying asset attributable to a single Security, minus any applicable Redemption Deductions. The initial Coin Entitlement on the Issue Date is specified in the applicable Final Terms and decreases daily to account for the applicable Product Fee. The form of an investor's return on redemption will depend on whether the ETC Securities are redeemed through Physical Settlement or Cash Settlement.

The form of an investor's return on redemption depends on whether the ETC Securities are redeemed through Physical Settlement or Cash Settlement:

- (a) For Physical Settlement, the Physical Redemption Amount is calculated as: (A) the aggregate Coin Entitlement for all ETC Securities subject to redemption as of the Redemption Date, rounded down to the Delivery Precision Level; less (B) an amount of Crypto Asset Collateral valued (in the opinion of the Administration Agent) equal to the Product Fees, rounded up to the Delivery Precision Level.
- (b) For Cash Settlement, the Cash Redemption Amount is the higher of (i) zero and (ii) the net proceeds from the sale of the aggregate Coin Entitlement for all ETC Securities subject to redemption, rounded down to the Delivery Precision Level as of the Final Fixing Date.

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes and infrastructure, and from external factors other than credit, markets and liquidity issues such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

Operational risks arise from all of the Company's operations. The Company was incorporated with the purpose of engaging in those activities outlined in note 1. All administration functions are undertaken by Vistra Zürich AG. DWS Investments UK Limited acts as the Company's Arranger and Zodia Custody (Ireland) and Coinbase Custody International Limited are the Company's custodians. State Steet Fund Services (Ireland) Limited acts as Administration Agent, Paying Agent, Issuing Agent and Principal Paying Agent. Galaxy Digital Funds LLC acts as the Crypto Execution Agent and Crypto Development Advisor.

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Notes to the financial statements (continued)**For the period from 13 November 2023 (date of entry in Commercial Register) to 30 September 2024****17 Fair values**

The Company's assets and liabilities at fair value through profit or loss are carried at fair value in the Statement of financial position.

The Company's accounting policy on fair value measurement for Digital Assets is disclosed in note 3(f) to the financial statements. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Quoted market price in an active market for an identical instrument.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Level 2 prices use widely recognised valuation models for determining the fair value of common and more simple financial instruments that use only observable market data and require little management judgement and estimation. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Transfers between levels are determined based on changes to the significant inputs used in their fair value measurement. The directors evaluate whether significant inputs to the valuation models are observable at the period end in making a decision to change levelling from one level to another.

The Company determines the effective date of transfer at the beginning of the reporting period.

The Company does not have any assets or liabilities at level 3.

At 30 September 2024, the carrying amounts of Digital Assets at fair value are as follows:

	30-Sep-24			Total USD
	Level 1 USD	Level 2 USD	Level 3 USD	
Digital Assets at fair value	16,764,209	-	-	16,764,209
	16,764,209	-	-	16,764,209

18 Classification of financial instruments and Digital Assets

	Carrying value 30-Sep-24 USD	Fair value 30-Sep-24 USD
<i>At fair value through profit or loss</i>		
Financial liabilities designated at fair value through profit or loss	(16,744,522)	(16,744,522)
	<u>(16,744,522)</u>	<u>(16,744,522)</u>
<i>At amortised cost</i>		
Cash and cash equivalents	117,886	117,886
Other receivables	17,259	17,259
Other payables	(6,229)	(6,229)
Product Fees payable	(19,687)	(19,687)
	<u>109,229</u>	<u>109,229</u>

Xtrackers Digital Markets ETC AG

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Notes to the financial statements (continued)**For the period from 13 November 2023 (date of entry in Commercial Register) to 30 September 2024****19 Segment reporting**

For management purposes, the Company is organised into one main operating segment, which invests in Crypto Assets. The Company offers products that allow investors to gain exposure to Digital Assets through exchange-traded commodities. All the entities activities are inter-related, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the entity as one segment. The financial results from this segment are equivalent to the financial statements of the entity as a whole.

The Company generates revenue primarily through the management and trading of exchange-traded commodities related to Digital Assets (Bitcoin and Ethereum). The Arranger accepts the responsibility for covering all of the Company's expenses using the Company's funds or funds held or received by the Arranger for or on behalf of the Company to make such payments. Any other income received from the Arranger will not be distributed and will remain with the Company, to be transferred to the Company's retained earnings.

The following table analyses the entity's investments as at 30 September 2024 per geographical location.

Geographic regions:**As at 30 September 2024**

Digital Assets at fair value	16,764,209
	<u>16,764,209</u>

The table below analyses the entity's investment per industry. The basis for attributing the operating income is the industry in which the Company of the instruments operate.

Industry type:

Cryptocurrency	16,764,209
	<u>16,764,209</u>

The following table analyses the entity's revenue as at 30 September 2024 per each Series:

	USD
Series 1 Xtrackers Galaxy Physical Bitcoin ETC	16,463
Series 2 Xtrackers Galaxy Physical Ethereum ETC	3,224
	<u>19,687</u>

20 Agreements

The Company entered into a Custody Agreements with Zodia Custody (Ireland) Limited and Coinbase Custody International Limited for each Series of Securities. These agreements ensure that Crypto Asset Collateral is securely held in segregated Collateral Accounts, managed through an online portal and subject to Trustee security. Custodians will follow Company's instructions for withdrawals and deposits, maintaining private keys in secure "cold storage" to prevent hacking. Cold storage is a safeguarding method with multiple layers of protections and protocols, by which the private keys corresponding to the Crypto Asset Collateral are generated and stored in an offline manner. Private keys are generated in offline computers that are not connected to the internet so that they are resistant to being hacked. Multiple Collateral Accounts may be opened for each Series of Securities.

State Street Fund Services (Ireland) Limited (the "Administration Agent") is appointed to provide certain calculation and determination services to the Company in respect of all Series of Securities issued under the Programme.

Xtrackers Digital Markets ETC AG

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Notes to the financial statements (continued)**For the period from 13 November 2023 (date of entry in Commercial Register) to 30 September 2024****20 Agreements (continued)**

State Street Bank International GmbH Munich, Zürich Branch is appointed to act as the Issuing Agent, Principal Paying Agent, and Swiss Paying Agent for each Series of Securities issued, ensuring compliance with the regulations of the SIX Swiss Exchange.

Galaxy Digital Funds LLC has been appointed as Crypto Execution Agent and Crypto Development Advisor. The Crypto Execution Agent arranges purchases and sales of Crypto Assets on behalf of the Company for the purposes of the Company issuing new Securities by way of Cash Settlement, redeeming existing Securities by way of Cash Settlement and paying third party fees payable by the Company (including to the Arranger) under the Programme.

The Crypto Development Advisor is appointed to provide certain monitoring, due diligence and advisory services to the Arranger in relation to the Underlying for the purposes of the Arranger managing the Programme and know-how support to the Arranger with respect to the Programme and the Underlying.

The Arranger provides certain administrative and operational services to the Company pursuant to an arrangement agreement entered into between the Company and the Arranger in respect of the Programme dated on or about the date of this Base Prospectus. The Arranger may delegate certain of those services to its affiliates. In return for its services and as part of an Arrangement Agreement, the Company agrees to pay the Arranger the Product Fees.

All costs associated with the Company are paid by the Arranger including audit fees. Audit fees incurred for the period ended 30 September 2024 amounted to USD 82,781.

21 Related Party Transactions and connected parties

Vistra Zürich AG, (the "Corporate Services Administrator") provides corporate, secretarial and administrative services to the Company. Raphael Baumann, March Girardin and Kurt Gamper, who are directors of the Company are key management personnel and are employees of the Corporate Services Administrator and are related party. No fee was charged or paid to the Vistra Group during the year under review by the Company for the provision of directors as directors' remuneration. All expenses of the Company are borne by DWS Investments UK Limited, as Arranger, including fees paid to Vistra. During the financial year, the Company incurred a cost of USD 79,177 relating to administration services provided by Corporate Services Administrator.

The directors of the Company consider Vistra Fund Services Limited as trustee of the Xtrackers Digital Markets (Jersey) Trust (the beneficial owner of the issued share capital of the Company) to be the ultimate controlling party of the Company. No fees were charged or paid to Vistra Fund Services Limited or any other Vistra entities.

During the financial period, the Company incurred a cost of USD 90,743 relating to administration and accounting services provided by the Corporate Services Administrator.

22 Ultimate controlling party

The directors of the Company consider Vistra Fund Services Limited as trustee of the Xtrackers Digital Markets (Jersey) Trust (the beneficial owner of the issued share capital of the Company) to be the ultimate controlling party of the Company.

23 Subsequent events

Subsequent to period end, there were additional subscriptions in the following existing Series of ETC Securities, with Series currency ("CCY").

		Tranche No	Tranche Size	CCY	Nominal
Series 1	Xtrackers Galaxy Physical Bitcoin ETC	22 - 26	2,625,054	USD	36.378
Series 2	Xtrackers Galaxy Physical Ethereum ETC	11	794,731	USD	302.393

On 15 December 2024, Raphael Benedikt Baumann resigned as director of the Company.

The ETC Securities were listed on BX Swiss on 15 October 2024 and on SIX Swiss Exchange on 29 October 2024.

Jan-29-2025

In preparing these financial statements, the directors have evaluated and disclosed all material subsequent events up to _____, 2025, which is the date the financial statements were authorised for issue.



WIRTSCHAFTSPRÜFERKAMMER

Körperschaft des
öffentlichen Rechts

Certification

regarding the exemption from the obligation to register as a third-country audit firm
pursuant to § 134 Section 4 Sentence 8 WPO for the

KPMG AG, Badenerstrasse 172, 8036 Zürich, Schweiz

According to the decision of the EU Commission 2011/30/EU of January 19, 2011, Switzerland has public oversight, quality assurance, investigation and sanction systems for statutory auditors and audit firms whose rules are comparable to those of Articles 29, 30 and 32 of Directive 2006/43/EC. It is therefore appropriate to consider the public oversight, quality assurance, investigation and penalty systems for statutory auditors and audit firms in Switzerland as equivalent to the corresponding public systems in the Member States. On the basis of reciprocity, registration and its consequences in accordance with § 134 Section 1, 3 WPO are therefore not required.

This confirmation replaces a certificate of registration pursuant to § 134 Section 1 WPO until the repeal of the decision of the EU Commission 2011/30/EU of January 19, 2011 or the lapse of reciprocity. It fulfills the requirements of § 292 Section 3 Sentence 4 HGB in corresponding application.

Berlin, January 15, 2025



Dr. Peter Uhlmann
Head of Division Member Affairs

Manuela Schwoy
Head of Department Member Affairs