

Financial statement 2017

XBT Provider AB (publ)
559001-3313

Financial year 2017

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Confirmation of approval

I, the undersigned Board member of XBT Provider AB (publ) hereby certify that this copy of the financial statement is in agreement with the original, and that the Profit & Loss Account was confirmed at the Annual General Meeting 24.04.2018. The Meeting also decided to approve the Board's proposed disposal of profit/loss.

Stockholm

A handwritten signature in black ink, appearing to read 'Daniel Masters', is written over a light grey rectangular background. To the left of the signature, the date '28/4 2018' is handwritten in the same ink.

Daniel Masters
Chairman of the Board

Director's Report

The Board and the Managing Director of XBT Provider AB (publ), 559001-3313, hereby present the financial statement for the 2017 financial year.

In general about the company

The company issues securities based on Bitcoin and other digital currencies in regulated marketplaces and continually sets the prices for these marketplaces through Group companies in order to make it easy for investors to buy and sell the company's instruments. An investment in certificates issued by XBT Provider AB (publ) involves risks, including any losses of initial investments and are not appropriate for all investors. The certificate holders are exposed to the following risks:

Risks related to the fact that the company is comparatively newly-formed and therefore has a short history:

Risks associated with the digital currencies: The protocol for tracked digital currencies is available to the general public, which means that further innovation is therefore possible. Tracked digital currencies that exist on a specific date cannot therefore mark the end of the development of such digital currencies (or digital currencies in general), which can be harmful for holders of tracker certificates.

Credit risk: The ability of an investor to receive payment for his/her certificates in accordance with the applicable rules depends on the ability of the issuer to fulfil these payment obligations.

Market risk: The risk of depreciation of financial instruments (e.g. certificates), which, inter alia, changes in the prevailing parameters of the market, in the volatility of these parameters and/or in the relationship between these.

Liquidity risk: the risk that those involved in the Group companies cannot fulfil their requirements regarding liquidity. Business risk: risks that arise as a consequence of external circumstances or events that cause damage (which may be unexpected) to the reputation of the issuer or in some other way jeopardise his or her financial position.

Ownership:

XBT Provider AB (publ) is a wholly-owned subsidiary of *CoinShares (Holdings) Limited Corporate Identification No. 123711*, with its headquarters on Jersey. The company was previously a wholly-owned subsidiary of *XBT Partner AB, 556996-4074, with its headquarters in Stockholm*.

Business activities during the course of the year

During the course of the financial year the volumes in the Bitcoin-based certificates have seen a very good development. No new Bitcoin certificates were issued during the fiscal year, but new certificates that are based on the price of the digital currency Ethereum were launched in October 2017.

Group structure

Following the acquisition of 90 percent of the shares in XBT Partner AB, the parent company of XBT Provider AB (publ), in June 2016, Global Advisors (Jersey) Limited implemented its takeover by purchasing the remaining 10 percent of XBT Partner AB in March 2017. As part of a re-structuring programme, Global Advisors (Jersey) Limited ("GAJL") then transferred its holding in XBT Partner AB to the parent company Global Advisors (Holdings) Limited ("GAHL"). Finally, in July 2017 GAHL sold XBT Provider AB to a subsidiary, CoinShares (Holdings) Limited.

Despite the fact that Global Advisors (Jersey) Limited ("GAJL") is no longer the direct owner of XBT Provider AB, the company continues to guarantee certificates issued by XBT Provider AB via an irrevocable guarantee. The purpose of the guarantee is to protect certificates holders' investments in certificates issued by the company.

On 1 July 2017 the operations that had previously been issued by XBT Inhouse AB were taken over, which were primarily hedges of the certificates on behalf of XBT Providers AB and the provision of liquidity in the certificates market, by XBT Inhouse (Jersey) Limited, a wholly-owned subsidiary of Global advisors (holdings) Limited, with its headquarters on Jersey.

Corporate Governance Report

XBT Provider AB is a Swedish limited liability company with its headquarters in Stockholm, Sweden. The Articles of Association and the Swedish Companies Act (aktiebolagslagen) form the basis, inter alia, for the governance of the company. The company's shares are not listed on any stock exchange and therefore the code for corporate governance is not applicable.

Annual General Meeting

The Annual General Meeting with its forum is the supreme decision-making body through which

shareholders can exercise their influence. The duties of the Annual General Meeting are regulated in the Articles of Association and the Swedish Companies Act. The election of the Board of Directors, the approval of the Profit & Loss Account and the Annual General Meeting and the granting of discharge from liability for the Board of Directors and the Managing Director are, inter alia, addressed at the Annual General Meeting.

Board of Directors

The company has four members of the Board of Directors including the Managing Director.

Daniel Masters is the Chairman. He has the following responsibilities: Recruitment and monitoring the performance of the MD, personnel and service providers who directly and indirectly support XBT Providers AB. Creation and communication of business strategies at a high level, the promotion of consensus regarding an overarching business strategy, monitoring short and long-term financial prognoses in order for sufficient resources to be available to support the company's activities. Conduct regular assessment of the efficiency of Board member in order for the company to be able to fulfil its financial, regulatory and operational obligations.

Jean-Marie Mognetti has the following responsibilities: Maintain relationships with banks that ensures that all KYC/AML requirements are fulfilled and that banks are evaluated. Maintain relationships with other financial counterparties, draw up of outsourcing agreements from third parties and the maintenance of these, monitor and handle portfolio processes and agreements with new and existing market operators from third parties. Design and management of the IT infrastructure in order to ensure openness for the Board within the areas of cash movements, outstanding liabilities and market and counterparty exposure.

Improve and monitoring safety management, implement two-factor authentication for all accounts and regularly update and change log in details, ensure the mobility of collateral that recognises the smooth transfer of funds and that security is key to maintaining an ordered marketplace. Maintain the network of payment channels amongst and between banks and the company, maintain ongoing discussions with encryption and network security experts in order to enable the company to maintain best practices and use the latest methods, ensure that issued certificates are fully hedges in accordance with the company's hedging strategies. Create and maintain a continuity and disaster recovery plan in accordance with GA's existing methods, act as risk manager with a focus on IT and financial assessment, which fulfil the Board's requirements that internal inspections and systems are in place.

Ryan Radloff has the following responsibilities: Develop and maintain strategic relationships with business, financing and distributions partners. Identify and monitor growth markets. Business strategy design as regards roadmap development and resource planning. Advice on coins regarding the identification/selection of new coins for the product range. Continually monitor the management team with regard to operating infrastructure and resource development. Communication with the market about important events both within the encryption industry and in matters that concern the issuer, monitor the Investor Relations and Customer Support pages of XBT Provider and help to monitor and develop the issuer's brand/marketing initiatives.

In March 2017 Johan Wattenstrom departed and Laurent Kssis was appointed.

The overall responsibilities of the MD are to bolster the company's values and standards and to maintain compliance with good corporate governance with applicable statutory requirements relating to all aspects of the business activities of Exchange Traded Products and to adapt these to Global Advisors (Jersey) Limited ("GA").

The Managing Director has the following duties: Support a number of different relationships with the primary responsibility for providing strategic and executive leadership for day to day operations and to monitor activities, to monitor the transition of trading activities to GA's new management system in Jersey, to promote the culture both to act as the "public face" of the XBT Group for the Scandinavian and European markets for investors and third parties in collaboration with other members of the GA team, to provide support for the delivery of strategic projects that are centred around the issuing of new securities, to expand the product range and contribute to the development of the GA strategy through appropriate management with the annual planning and monitoring of activities and the identification of the needs for supporting the growth of the company. The MD is also responsible for the following: To manage and conduct business assessments in order to maintain conformity with the Swedish regulatory authority (the Swedish Financial Supervisory Authority - Finansinspektionen) and NASDAQ OMX

Nordic ("Nasdaq") including general listing rules with special focus on agreements between Nasdaq and XBT or other agreements that XBT has entered into with Nasdaq due to the unique asset class, plan organise, provide the agendas for Board meetings of the company., collaborate with lawyers in order to duly provide and publish regulatory applications for the company, contact with auditors and attend to any recommendation, work closely with service providers in order to work in line with GA. Act as the primary contact with the bank and report to the management of GA. Maintain, arrange and increase the number of liquidity providers (on exchange) in order to provide risk diversification and constant liquidity as well as organise a draft authorised participant agreement for third parties and market operators who are willing to engage in an create/redeem ETNs, monitor outstanding float of XBT certificates and submit a plan to expand certificates should this be necessary. Work with executives in order to regularly renew the company prospectus. Ensure that all relevant service providers, supervisory authorities and other participants are aware of all changes to personnel, structure, office address or other matters.

Working procedures for the Board and the MD

The duties of the Board are regulated in the Swedish Companies Act and in the Articles of Association and mean that the Board has adopted working procedures that govern its work and the division of work between the Board members, the Chairman of the Board and the MD of the company.

The Board has instructions regarding the duties of the MA and financial reporting. According to the working procedures, the Board is to meet at least four times a year. The Chairman of the Board follows business developments and continually informs the other members of this to enable the work of the Board to be conducted with the maintenance of quality and in accordance with the Swedish Companies Act.

Work of the Board during the financial year

Between January and October 2017 the Board consisted of three ordinary members, one of which was the Chairman and one was the Managing Director. The duty of the Board is to describe the long-term strategy, guidelines, vision and values of the company. A fourth ordinary member, Ryan Radloff, was appointed in November 2017.

During the course of the year the Board convened three Board meeting where, inter alia, policy, financial outcome and position were discussed. In addition, a new strategy was discussed that focused on adapting the owner's organisational structure together with its policy and corporate governance. These policies were focused on further improvements to the reporting and monitoring systems, which guarantees responsibility towards stakeholders as well as guidance for staff. The government document was updated and can be found in GAJL's business overview.

On 31 December 2017 the Board consisted of the following members:

Laurent Kssis (born 1968) ordinary member, Managing Director (British citizen)
Daniel Masters (born 1963) ordinary member, Chairman of the Board (British citizen)
Jean-Marie Mognetti (born 1984) ordinary member (French citizen)
Ryan Radloff (born 1987) ordinary member (American citizen)

Committees

Due to its small organisation, the company has not set up any committees. All matters of importance are dealt with by the Board. Administration and secretarial support was outsourced by a continual agreement that was in place and the mandate of the parent company.

Shareholders and votes

XBT Provider AB has only one shareholder.

The Annual General Meetings or Extraordinary General Meetings reach decisions regarding changes to the composition of the Board and any changes to the Articles of Association.

Authorisation to issue new shares or acquire new shares No such authorisation has been given

Audit

Johan Engstam, of Örlings PricewaterhouseCoopers AB, is the auditor selected by XBT Provider.

Development of the company's activities, profit and loss and position

Amounts in Swedish Kronor	31.12.2017	31.12.2016	31.12.2015
Net sales	9,781,117	2,800,280	1,265,005
Operating margin, percent	50.75	28.00	21.60
Balance sheet total	8,708,540,022	262,411,244	71,473,078
Return On Capital Employed, percent	107.96	59.30	38.30
Return on Equity, percent	190.40	77.10	38.20
Solvency, percent	0.04	0.50	1.00

Definitions: see note 14

Significant events during the financial year and after the end of the financial year

The Bitcoin market rose very strongly during 2017, from below 1,000 USD in early January to 17,000 USD in December. This had a positive impact on the company's business activities. Interest is still high. Further certificates that follow the price of the digital currency Ethereum were launched in October, which have also attracted interest from investors.

The prices for Bit coin and Ethereum have fallen by 50 % since the end of the financial year and in April 2018 the value of the currencies was approx. 6,600 USD and 400 USD respectively. The event has not had any effect on the company since the company enters into derivative positions via Group companies in order to hedge itself for these types of market movements. The derivative positions are primarily intended to protect the company against changes in currency value in issued certificates.

No further significant events have occurred after the end of the financial year.

Expected future developments and significant risks and uncertainty factors

During the course of the year, the Bitcoin ecosystem has developed into a more mature market and a larger infrastructure has been created in order to develop the economy. There have been dramatic price fluctuations during the course of the year, but also an increased interest from financial institutions and authorities, something that is expected to increase during 2018. Our expectation is that interest from investors will really gain momentum during 2018 in pace with Bitcoin and Block chain finding increasingly more applications, thereby increased legitimacy.

Proposed disposal of the company's profit or loss

The Board proposes that all disposable profit, SEK **3,117,635**, be disposed of as follows.

Amount in SEK	31.12.2017
Retained profit	824,770
Profit for the year	<u>2,292,865</u>
	3,117,635

The Board proposes that the profit be disposed so that

<i>Dividends</i>	824,770
To be brought forward into new account	<u>2,292,865</u>
Total	3,117,635

As regards profit/loss and position in general, please refer to the following profit & loss account and balance sheet with associated notes.

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Profit & loss account Amounts in Swedish Kronor	Note	2017	2016
Net sales			
	2	978,1117	2,800,280
		978,1117	2,800,280
Operating costs	5		
General administration costs	6,7		
Operating profit/loss		-5,799,182	-2,014,438
		3,981,935	785,842
Profit/loss from financial items			
Interest costs to Group companies		-61,847	
Other external costs		-16	-787
Profit/loss after financial items		3,920,072	785,055
Appropriations Provision for tax allocation reserve		-980,000	
Profit/loss before tax		2,940,072	785,055
Tax on profit/loos for the year	8	•647,207 xxx	-172,755
Profit/loss for the year		2,292,865	612,300

Total profit/loss: As there are no adjusted items, the profit/loss for the year is equal to the total profit/loss.

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Balance sheet	Note	31.12.2017	31.12.2016
<i>Amounts in Swedish Kronor</i>			
ASSETS			
Current assets			
Short-term receivables			
Receivables with Group companies		870,727,0726	262,173,054
Other receivables		0	77,493
		870,727,0726	262,250,547
Cash at bank and in hand	9	1,269,296	160,697
Total current assets		8,708,540,022	262,411,244
TOTAL ASSETS		8,870,540,022	262,411,244
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		500,000	500,000
		500,000	500,000
<i>Unrestricted equity</i>			
Retained profit		824,770	212,470
Profit/loss for the year		2,292,865	612,300
		3,117,635	824,770
Total equity		3,617,635	1,324,770
Untaxed reserves			
Tax allocation reserve		980,000	0
Short-term liabilities			
Supplier liabilities		12,099	137,336
Liabilities with Group companies		1,185,192	0
Tax liabilities		760,143	232,680
Other short-term liabilities	10	8701,622,993	260,622,694
Accrued costs and prepaid incomes		361,960	93,764
Total short-term liabilities		8,703,942,387	261,086,474
TOTAL EQUITY AND LIABILITIES		8,870,540,022	262,411,244

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<i>Report on changes to equity</i>	<i>Share capital</i>	<i>Retained profit/loss</i>	<i>Total equity</i>
Opening balance 01.01.2016	500,000	212,470	
Profit/loss for the year		612,300	
Closing balance 31.12.2016	500,000	824,770	1,324,770
Dividend to shareholders Profit/loss for the year		2,292,865	
Closing balance 31.12.2017	500,000	3,117,635	3,617,635
		2017	2016
Cash flow analysis			
Amounts in Swedish Kronor			
Current activities			
Profit/loss after financial items		3,920,072	785,055
Paid tax		119,744	0
Cash flow from current activities before changes to operating capital		3,800,328	785,055
<i>Cash flow from changes to operating capital</i>			
Increase (-) / Decrease (+) in operating receivables			
Increase (+)/Decrease (*) in operating liabilities		-8,445,020 179	-199 629 611
		8,442,328,450	190153 110
Cash flow from current activities		1,108,599	-8 ,691,446
Cash flow from investments		0	0
<i>Financing</i>			
Dividends			
New issues			
Cash flow from financing		0	0
Cash flow for the year		1,108,599	-8,691,446
Liquid assets at the start of the year Exchange rate difference Liquid assets Liquid assets at the end of the year		160,697	8,852,143
		1,269,296	160,697

Notes

Note 1 Accounting principles

Amounts are given in SEK unless otherwise stated

The annual accounts have been drawn up in accordance with the Swedish Annual Accounts Act (Årsredovisningslagen) and the Council for Financial Reporting (Rådet för finansiell rapportering) RFR 2. The accounts have been prepared on the basis of historical acquisition values with the exception of financial assets and liabilities that are valued at their true value via the profit & loss account.

Valuation principles, etc.

Assets, provisions and liabilities have been valued on the basis of acquisition values unless otherwise stated below.

Income

The principal income for the company between January and June consisted of commission from certificates. Commission was calculated on a daily basis. During the second half of the year the income consisted primarily of payments from Group companies for the administrative services that the company performs in relation to the management of the listed certificates.

Tax

Tax on the profit for the year in the profit & loss account consists of current tax and deferred tax. Current tax is the income tax for the current financial year that relates to the taxable profit for the year and the proportion of the income tax for the preceding financial year that has not yet been reported. Deferred tax is the income tax for taxable profit in relation to future financial years as a result of previous transactions or events.

Deferred tax liability is reported for all taxable temporary differences, but not for temporary differences that are attributable to the first report of goodwill. Deferred tax receivables are reported for deductible temporary differences and for the possibility of using taxable loss relief in the future. The valuation is based on how the reported value for the corresponding asset or liability is expected to be recovered or settled respectively. The amounts are based on the tax rates and tax rules that are decided on prior to the reporting date and its current value has not been calculated.

Deferred tax receivables have been valued at the maximum amount that will probably be recovered based on current and future taxable profit/loss. The value is re-appraised every reporting date.

Financial assets and liabilities

The company applies IAS39.

During 2015 XBT Provider AB issued certificates in SEK, Bitcoin Tracker One and in EUR, Bitcoin Tracker EUR, which is listed on Nasdaq Nordic in Stockholm.

The certificates are designed to reflect the change in value of the underlying currency Bitcoin.

The certificates are theoretically valued on the basis of the average of the Bitcoin exchange rate on three stock exchanges and relevant exchange rates in USD and EUR against SEK. Bitcoin and other exchange rates are measured on the same date, 31 December 2017.

During October 2017 certificates were issued in SEK, Ether Tracker One and in EUR, Ether Tracker EUR, which are also listed on Nasdaq Nordic in Stockholm. The certificates are designed to reflect the change in value of Ethereum. The certificates are theoretically valued on the basis of the average of the Ethereum exchange rate on three stock exchanges and relevant exchange rates in USD and EUR against SEK measured on the same date, 31 December 2017.

The holders of all certificates have the right to request premature redemption of certificates twice a year. The fee for premature redemption is two percent. This option is included in the terms of the certificate in order to be utilised should there be poor liquidity in certificates.

The buying and selling of certificates and the hedging of these is reported on the transaction day. Assets and liabilities are valued at their true value via the profit & loss account. Assets include holdings of Bitcoin, Ether and receivables regarding loaned Bitcoin or Ether and among

liabilities are included certificate liabilities.

In accordance with IFRS 7, financial assets and liabilities must be classified. The true value pursuant with IFRS 13 is determined as follows.

Level 1: Market price (unadjusted) in an active market for identical assets and liabilities.

Level 2: Data other than market price that is included in Level 1, which is observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

Level 3: Other data for the asset or liability that is not based on observable market data.

Certificate liabilities have been valued in accordance with Level 2 as the valuation method is believed to best calculate the true value when the liquidity for the certificates at certain times is low.

Financial instruments:

i) Recognition and removal

Financial assets and financial liabilities are reported when the company becomes party to the contractual provisions of the instrument. For financial assets this corresponds to the date on which the company undertakes either to buy or sell the asset. Financial instruments are initially valued at their true value plus transaction costs, except where the instruments are valued at their true value via the profit & loss account, in which case transaction costs are immediately reported as costs in the profit & loss account.

ii) Subsequent measurement

Financial instruments are subsequently valued at their true value using the effective interest method. The listed price in an active market is used to determine the true value.

The accrued acquisition value is calculated as the amount at which the financial assets or financial liability measured in its first reporting minus the principal deduction and any deduction for devaluation and adjusted for any cumulative depreciation of the difference between the original amount and the due amount that has been calculated using the effective interest method.

The effective interest method is used to divide interest income or interest costs during the relevant period and corresponds to the interest that discounts estimated future cash payments (including fees, transaction costs and other premiums or discounts) during the expected duration for the financial instrument to the net coverage value for the financial asset or financial liability. Reviews of expected future net cash flow will require an adjustment of the book value as a result of a counting of a profit or cost item in the profit & loss account.

(i) Loans and receivables are non-derivatives with fixed or fixable payments that are not listed on an active market and are subsequently valued at their accrued acquisition value. Profits or losses are reported in the profit & loss account through the depreciation process when the financial asset is valued.

(ii) Financial liabilities and non-derivative financial liabilities are subsequently measured at their accrued acquisition value. Profits or losses are reported in the profit & loss account through the depreciation process when the financial liability is removed.

Impairment

At the end of each report period the company will decide whether objective observations exist for a financial asset having been impaired. A financial asset (or a group of financial assets) are deemed to be impaired if and only if there is objective information for devaluation as a consequence of the occurrence of an event that affects the calculated future cash flows for financial assets.

Foreign currency

Items in foreign currency.

Monetary items in foreign currency are converted to the price on the transaction date. Non-monetary items are not converted but are instead reported at the price on the date of acquisition.

Liquid assets

Items that come under liquid assets have been classified on the basis that:

- They pose an insignificant risk of currency fluctuations
- They can be easily converted to cash
- They have a maturity of a maximum of three months from the date of acquisition

Standards, amendments and interpretations that have not yet come into effect

A number of new standards and amendments to standards will not come into effect until the 2018 financial year or later and have been applied in advance in the preparation of this financial report.

IFRS 9, Financial Instruments will replace IAS 39, Financial Instruments: Reporting and valuation. IFRS 9 has been approved by the EU and will be applicable to the financial year commencing 1 January 2018. This is not expected to have any effect on the company's financial reports.

IFRS 15, Income from contracts with clients will replace the current standards and interpretations of income reporting, but will not be applied to financial instruments, insurance or leasing contracts. New information requirements are being introduced in order to provide users of financial reports with usable information on the company's revenues. IFRS 15 has been approved by the EU and will come into effect on 1 January 2018. This is not expected to have any effect on the company's financial reports.

IFRS 16, Leasing will replace IAS 17 Leasing Agreements and associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities that are attributable to all leasing agreements (with some exceptions) are reported in the balance sheet. IFRS16 was adopted in November 2017 and is applicable for financial years commencing 1 January 2019 or later. Advance application is permitted. This is not expected to have any effect on the company's financial reports.

Risk factors for the company

The activities conducted by the company consist of the issuing of certificates where investors can have investments that reflects the change in value of Bitcoin (BTC) or Ethereum (ETH). For the period January to June 2017, the company had an agreement with the Group company XBT Inhouse AB to manage the Bitcoin price and the exchange rates from certificates. As part of this agreement, the company's Bitcoin hedges with XBT Inhouse AB were retained. Certificates in SEK and EUR are therefore fully guaranteed and the company is not exposed to any direct market, currency or interest risks. Since July 2017 a similar arrangement has been in place between the company and XBT Inhouse (Jersey) Ltd.

A description of the main risks associated with the activities of the company and the measures that are implemented in order to manage these risks is shown below.

a) Market risk:

i) Currency risk:

The company has limited exposure to currency risk.

The currency risk that arises in the buying and selling of certificates is managed by the Group company for XBT Inhouse (Jersey) Limited, which regularly monitors the exposure of assets and liabilities in foreign currency.

ii) Interest rate risk

Interest rate risk is the risk that the value of the company will be affected by fluctuations in prevailing market interest rates.

The majority of the company's financial assets and liabilities are not interest-bearing, instead their value is strongly-linked to the prices of digital currencies and the company is thereby not exposed to significant risks as a result of fluctuations in the prevailing levels of market interest rates.

iii) Digital exchange rate risk

Digital currencies are an extremely volatile class of asset. The digital exchange rate risk stems from the uncertainty regarding the future prices of the digital currency, which affects both the actual value of the derivative transaction with XBT Inhouse (Jersey) Limited and the actual value of the Tracker certificates issued to external certificate holders.

The exposure to changes in the prices of digital currencies is alleviated by the derivative contract with XBT Inhouse (Jersey) Limited, which thereby means that the company has a hedging.

b) Credit risk:

The credit risk of the risk that the issuer or the counterparty cannot or is unwilling to fulfil an undertaking that had been entered into with the company.

The company has entered into a derivative agreement with XBT Inhouse (Jersey) Limited in order to manage the hedging of the certificates. Even if there is an inherent credit risk in this derivative contract, this risk is alleviated by XBT Inhouse (Jersey) Limited's control environment, risk processes and strong balance sheets.

c) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulties regarding the fulfilment of its obligations, primarily toward the certificate holders.

The liquidity risk is managed by and is the responsibility of XBT Inhouse (Jersey) Limited, which has conducted an analysis of the currency for assets and liabilities that shows that no significant liquidity risk exists.

In the event of serious market disturbances to the digital currency market, there are contractual provisions in the prospectus that will further alleviate the liquidity risk. The terms for the certificates include provisions whereby in the event of the deterioration of certain market disturbances could result in delays in the liquidation of certificates. xxx

d) Operational risk

Operational risks related to losses as a consequence of operational issues such as having unsuitable or insufficient procedures, the human factor, system failure or legal risks.

The primary operational risk for the company would be the inability to provide contract hedging through either system failures or continuity planning issues. The risk is alleviated by the use of a very secure algorithmic trading platform located on an external server in order to alleviate the risk of the human factor. The continuity plan has been tested and has shown that personnel are able to perform their work from different geographical locations.

There are good internal control processes in place that are designed to monitor transactions and flag up any inconsistencies in trading, which act as further alleviating factors for the human factor.

Note 2 Net sales per segment

	2017	2016
Commission revenues	5,996,972	2,749,539
Intra-Group revenues	3,784,145	
Additional invoiced costs	0	50,742
Total	9,781,117	2,800,281

Note 3 Estimates and assessments

The company believes that there are no significant estimates and assessments in the report.

Note 4 Transactions with associated companies

The company is a wholly-owned subsidiary of Coin Shares (Holdings) Limited, Corporate Identification No. 123711, based on Jersey,

Coin Shares (Holdings) Limited is part of a Group in which Global Advisors (Jersey) Limited, Corporate Identification No. 102184, based on Jersey, is the parent company. Transactions with associated companies are priced under market conditions.

The following transactions have been conducted with companies within the Group.

Of the Group's total purchases and sales measured in SEK, 24 (27) percent relates to costs and 39 (2) percent of the sales to companies within the Group.

Figures within parentheses relate to the preceding year. Costs are included in the general administration costs.

The sales for 2017 relates to transactions with Global Advisors. For further information see note 2.

As per the date of the financial accounts, the company has Group receivables with Global Advisors amounting to SEK

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8,701,622,993 (0) and with XBT Inhouse AB of SEK 4,011,437 (260,622,693) and liabilities amounting to SEK 1,185,191 (0) to Global Advisors Jersey. No remuneration to key people in executive posts has been paid, apart from the MD having invoiced fees to a value of SEK 501,312 (0).

Note 5 Employees and personnel costs

The company has not had any employees during the 2017 and 2016 financial years. No remuneration has been paid to the Board.

	2017	2016
Note 6 Fees and reimbursement of costs for auditors		
<i>Öhrlings PrficeWaterhouseCoopers AB</i>		
Audit	425,699	147,304,500
Audit work in addition to the audit		00 xxx
Tax advice	15,625	0
Other work	0	0
Total	441,324	197,304

	2017	2016
Note 7 General administration costs		
Advertising and PR	12,322	155,108
Courtage and issue administration	432,307	461,315
Fees to stock exchanges	1,263,878	-
Hire of premises	199,440	128,415
Legal costs	299,435	156,250
Fee to auditors	441,324	197,304
IT services	686,690	99,922
Other administration costs	2,461,769	816,124
Total	5,799,182	2,014,438

Note 8 Tax on profit/loss for the year		
Current tax costs	647,207	172,755
Total	647,207	172,755

Reconciliation of effective tax

	Percent	2017	2016
Profit/loss before tax		2,940,072	785,055
Tax according to current rate of tax	22	646,816	172,712
Non-deductible costs		1,780	200
Reported effective tax	22	647,207	172,755

Difference between reported tax and tax according to current rate of tax is explained by non-deductible costs

Note 9 Liquid assets

The following sub-components are included in liquid assets

Bank balances	1,269,296	160,697
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Note 10 Other short-term liabilities		
Certificate Bitcoin Tracker One	3,603,095,643	194,050,962
Certificate Bitcoin Tracker EURO	2,997,883,890	66,571,732
Ether Tracker One	845,728,617	-
Other Tracker EURO	1,254,914,843	-
Total	8,701,622,993	260,622,694

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The company is entering into a derivative transaction in order to hedge exposure to changes in the prices of digital currencies in order to match its financial obligations with certificate holders. The company does not directly hold digital currencies. The company is a limited risk provider and the risks are managed by associated Group companies.

Note11 Pledged security and contingent liabilities	31.12.2017	21.12.2016
Pledged collateral and security	50,000	None
Other pledge collateral and security	None	None

Note 12 Events after the end of the financial year

The prices for Bitcoin and Ethereum have fallen by 50 % since the end of the financial year and in April 2018 the value of the currencies was approx. 6,800 USD and 400 USD respectively.

The event has not had any effect on the company since the company is entering into derivative positions in order to hedge itself for these types of market movements.

The derivative positions are primarily to protect the company against currency-related changes in value of issued certificates.

No further significant events have occurred after the end of the financial year.

Not 13 Proposed disposal of the company's profit or loss

The Board proposes that all disposable profit, SEK 3,117,635, be disposed of as follows.

<i>Amounts in Swedish Kronor</i>	31.12.2017
Retained profit	824,770
Profit for the year	2,292,865
Total	3,117,635

The Board proposes that the profit be disposed of as follows:

<i>Dividend</i>	824,770
Retained in new account	2,292,865
Total	3,117,635

Note 14 Definitions of Key Performance Indicators

Operating margin:
Operating profit/loss/Net sales:

Balance sheet total:
Total assets:

Return On Capital Employed:
(Operating profit/loss + financial revenues)/capital employed

Financial revenues:
Items in net interest income that are attributable to assets (that are included in capital employed).

Capital Employed:
Total assets - interest-free liabilities.

Interest-free liabilities:

Liabilities that are not interest-bearing: Pension liabilities are seen as being interest-bearing.

Return on equity:
Profit/loss after financial items/Adjusted equity.

Solvency:
(Total equity + 78 % of untaxed reserves)/Total assets.

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Stockholm den 25 april 2018




Daniel Masters
Styrelsens ordförande

Chairman of the Board



Ryan Radloff
Member



Jean-Marie Mognetti
Ledamot

Member



Laurent Kssis
Managing Director

Our Auditors' Report was submitted on
Öhrlings PricewaterhouseCoopers AB

25 april 2018



Johan Engstam
Auktoriserad revisor

Auditors' Report

To the Annual General Meeting of XBT Provider AB (publ), Corporate Identification No. 559001-3313

Report on the Annual Accounts

Statements

We have conducted an audit of the annual accounts for XBT Provider AB (publ) for 2017, with the exception of the pages 2-4 of the Corporate Governance Report.

It is our opinion that the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and provide an essentially true and fair picture of XBT Provider AB (publ)'s financial position as of 31 December 2017 and of its financial profit/loss and cash flow for the year in accordance with the Swedish Annual Accounts Act. Our statement does not include pages 2-4 of the Corporate Governance Report. The Director's Report are consistent with the other parts of the Swedish Annual Accounts Act.

We therefore recommend that the Annual General Meeting adopts the profit & loss account and balance sheet for XBT Provider AB (publ).

Our statements in this report on the annual accounts is consistent with the contents of the supplementary report that was submitted to the company's audit committee in accordance with Article 11 of the Audit Regulation (537/2014).

Grounds for the statements

We have conducted the audit in accordance with International Standards 011 Auditing (ISA) and Generally Accepted Auditing Standards in Sweden (god revisionssed i Sverige). Our responsibility pursuant with these standards is described in greater detail in the section Responsibility of Auditors. We are independent of XBT Provider AB (publ) in accordance with Generally Accepted Auditing Standards in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements. This includes, based on our best knowledge and conviction, no forbidden services as referred to in Article 5.1 of the Audit Regulation (537/2014) have been provided to the audited company or, where applicable, its parent company or its controlling company within the EU.

We believe that the audit evidence that we have obtained is sufficient and appropriate as a basis for our statements.

Our approach to the audit

Overview



Significance

- In the audit we have applied an overall materiality of SEK 43.5 million, which corresponds to 0.5 % of total assets.

Especially important areas

- Valuation of the certificate liability

Focus and scope of the audit

We designed our audit by determining a level of significance and assessing the risk of significant errors and inaccuracies in the financial reports. We paid particular attention to the areas where the Managing Director and the Board had made subjective assessments, for example, important audit-related estimates that were made on the basis of assumptions and prognoses of future events, which by their very nature are uncertain. As with all audits we also considered the risk of the Board and the Managing Director disregarding the internal



controls and, inter alia, considered whether there is evidence of systematic deviations that had given rise to a risk of significant errors and inaccuracies as a result of irregularities.

We adapted our audit in order to conduct an appropriate review in order to be able to comment on the financial reports as a whole, taking into consideration the structure, reporting processes and controls of the company as well as the industry in which the company is active.

Significance

The scope and focus of the audit was influenced by our assessment of significance. An audit is designed in order to achieve a reasonable degree of certainty as to whether the financial reports contain any significant errors or inaccuracies. These can arise as a consequence of irregularities or mistakes. They are considered to be significant if individually or collectively they can be reasonably expected to influence financial decisions that are reached by users on the basis of the financial reports.

Based on professional judgements, we established a number of quantitative significance figures, including for the financial reporting as a whole. With the aid of these and qualitative considerations, we established the focus and scope of the audit and the character, time and scope of our reviewing measures, as well as assessing the effect of individual and collective errors and inaccuracies in the financial reports as a whole.

Especially important areas

Especially important areas for the audit are the areas that, in our professional opinion, were the most important to the audit of the annual accounts for the period in question. These areas were considered within the scope of the audit of (and of our position to) the annual accounts as a whole, but we have not made any separate comments on these areas.

Especially important area

How our audit considered the especially important area

Valuation of the certificate liability

XBT values the outstanding certificates according to IFRS13 Level 2, which means that data other than what can be considered to be the market price in an active market is used.

See the company's description of the reporting principle on pages 9-10 of the Annual Accounts.

We have examined the model used by the company to value certificates in accordance with what is described in the Annual Accounts. We have also compared the Bitcoin prices that are used when valuing against external data.

We have evaluated the reporting principles and information provided by the company regarding the valuation of certificates.

The results of these examinations have not resulted in any significant observations.

Responsibilities of the Board and the Managing Director

The Board and the Managing Director are responsible for ensuring that the Annual Accounts are prepared and that they provide a true and fair picture in accordance with the Swedish Annual Accounts Act. The Board and the Managing Director are also responsible for the internal controls, which they believe are necessary in order to produce Annual Accounts that do not contain any significant errors or inaccuracies, whether these are due to irregularities or mistakes.

When preparing the Annual Accounts, the Board and the Managing Director are responsible for the assessment of the company's ability to continue its activities. They provide information, where applicable, on the conditions that could affect its ability to continue its activities and to use the assumption of continued operation.

Responsibilities of the auditor

Our goal is to achieve a reasonable degree of certainty as to whether the Annual Accounts as a whole do not contain any significant errors or inaccuracies, whether these are due to irregularities or mistakes, and to submit an Auditors' Report that contains our statements. Reasonable certainty is a high degree of certainty, but is no guarantee that an audit that is being conducted in accordance with ISA and Accepted Auditing Standards in Sweden will always uncover a significant error or inaccuracy if it exists. Errors and inaccuracies can arise as a result of irregularities or mistakes and are considered to be significant if individually or collectively they can be reasonably expected to influence financial decisions that are reached by users on the basis of the Annual Accounts.

A further description of our responsibility for the audit of the Annual Accounts can be found on the Swedish Inspectorate of Auditors (Revisorsinspektionen) website: www.revisorsinspektionen.se/revisornsansvar. This

description is part of the Auditors' Report.



Report on other requirements according top laws and other statutes

Statements

On addition to our audit of the Annual Accounts we have also conducted an audit of the Board and Managing Director's administration of XBT Provider AB (publ) for 2017 and of the proposed disposal of the company's profit or loss.

We recommend that the Annual General Meeting dispose of the profit as proposed in the Director's Report and grant the members of the Board and the Managing Director discharge from liability for the financial year.

Grounds for the statements

We have conducted the audit in accordance with Generally Accepted Auditing Standards in Sweden. Our responsibility pursuant with this is described in greater detail in the section Responsibility of Auditors. We are independent of XBT Provider AB (publ) in accordance with Generally Accepted Auditing Standards in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our statements.

Responsibilities of the Board and the Managing Director

The Board is responsible for the proposed disposal of the company's profit or loss. Where dividends are proposed, this includes, inter alia, an assessment of whether the dividends are justifiable taking into consideration the requirements that the company's activities, scope and risk place on the size of its equity, consolidation needs, liquidity and position in general.

The Board is responsible for the organisation of the company and the administration of its affairs. This includes continually assessing the financial situation of the company and ensuring that its organisation is designed so that accounting, the management of funds and its financial affairs in general are controlled appropriately. The Managing Director attends to the continual administration in accordance with the Board's instructions and guidelines and d, inter alia, implements the measures that are necessary for company accounting to be completed in accordance with the law and for funds to be managed appropriately.

Responsibilities of the auditor

Our goal for the audit of the administration and therefore our statement on discharge from liability, is to obtain audit evidence in order to be able to determine with a reasonable degree of certainty whether any Board member of the Managing Director have in any essential regard:

- has taken any action or has been guilty of any negligent act that could result in liability for damages against the company
- has in any way acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our goal for the audit of the proposed disposal of the company's profit or loss and therefore our statement on this, is to determine with a reasonable degree of certainty whether the proposal is consistent with the Swedish Companies Act.

Reasonable certainty is a high degree of certainty, but is no guarantee that an audit that is being conducted in accordance with Accepted Auditing Standards in Sweden always uncover action or negligent acts that could result in liability for damages against the company, or that a proposed disposal of the company's profit or loss is not consistent with the Swedish Companies Act.

A further description of our responsibility for the audit of the administration can be found on the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the Auditors' Report.

Auditors' examination of the Corporate Governance Report

The Board is responsible for pages 2-4 of the Corporate Governance Report and for ensuring that it is prepared in accordance with the Swedish Companies Act.

Our examination was conducted in accordance with FAR statement RevU 16 Auditor's examination of the Corporate Governance Report. This means that our examination of the Corporate Governance Report has a different focus and a significantly smaller scope compared with the focus and scope that an audit has in accordance with the International Standards on Auditing and Generally Accepted Auditing Standards in Sweden. We believe that this review gives us sufficient grounds for our statements.



A Corporate Governance Report has been prepared. Information in accordance with Chapter 6, Section 6, Sub-section 2, Items 2-6 of the Swedish Annual Accounts Act and Chapter 7, Section 31, Sub-section 2 of the same Act are consistent with other parts of the Swedish Annual Accounts Act and are in accordance with the Swedish Annual Accounts Act.

Öhrlings PricewaterhouseCoopers AJB, was appointed as auditor for XBT Provider AB (publ) by the Annual General Meeting of 31 March 2018 and has been the company's auditor since February 2015.

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April

2018

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Öhrlings PricewaterhouseCoopers AJB

Johan Engstam Chartered Accountant