

Annual Report
for
XBT Provider AB (publ)
559001-3313

Financial Year
2022

The Board of Directors and the Managing Director of XBT Provider AB (publ) (the “**Issuer**”), hereby present the Issuer’s Annual Report and accompanying financial statements for the financial year-ended 31 December 2022.

This Annual Report has been prepared in Swedish kronor, SEK.

Förvaltningsberättelse

GENERALLY ABOUT THE BUSINESS ACTIVITIES

The focus of the Company’s business activities is to issue financial instruments. The Company’s purpose is to issue non-equity linked certificates designed to follow the price development of a specific crypto asset.

THE ISSUER

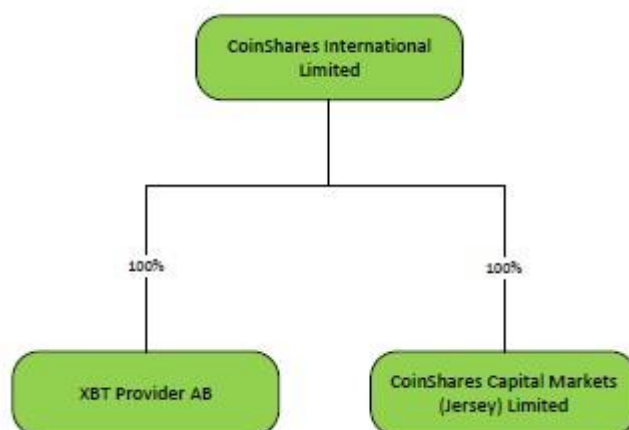
The Issuer was incorporated under Swedish law on 22 January 2015. The Issuer is a public limited liability company, registered with the Swedish Companies Registration Office under registration number 559001-3313, and having its statutory seat in Stockholm, Sweden.

GROUP STRUCTURE

The Issuer belongs to a group of companies, the ultimate holding entity of which is CoinShares International Limited (formerly Global Advisors (Holdings) Limited), incorporated in Jersey, Channel Islands (“**CSIL**” and such group, the “**Group**”). The Issuer’s share capital consists of 5,000 fully-paid shares of SEK 100 each, all of which are held ultimately by CSIL, which accordingly controls the Issuer.

The guarantor, CoinShares Capital Markets (Jersey) Limited (“**CSCMJL**”), incorporated in Jersey, Channel Islands (the “**Guarantor**”), is also ultimately owned by CSIL. CSCMJL is registered with the Jersey Financial Services Commission to carry on Specified Schedule 2 Business pursuant to the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008.

The Issuer and the Guarantor are, therefore, affiliated and sister companies as shown:



Note: the above chart shows ultimate beneficial owners.

THE CERTIFICATES

The Issuer is a special purpose vehicle, established for the purpose of issuing series of non-equity linked certificates (“**Certificates**”) which are designed to synthetically track the performance of the price of the particular crypto-asset to which a series is referenced (being either Bitcoin or Ether), in Swedish Kronor or Euro (respectively), less a fee component, as well as to engage in hedging activities relating to its issued Certificates. The Issuer does not engage in any other business activities and is not a licensed financial advisor.

The Issuer’s current Certificates are open-ended securities, without a scheduled maturity date. The Issuer’s Certificates are non-principal protected, unsecured and unsubordinated and do not bear interest. Certificates do not confer on the holders thereof any claim to, or against, the relevant underlying crypto-asset to which they are referenced. The value of, and any payment due under, the Issuer’s Certificates will (unless the particular series is denominated in US Dollars) be affected by the exchange rate between the US Dollar and the Euro or, as the case may be, between the US Dollar and the Swedish Kronor. Any returns upon the Issuer’s Certificates will not be the same as the returns which a direct investment of an equivalent sum in the relevant underlying asset could produce.

LISTING OF THE CERTIFICATES

Of the Issuer’s four current series of Certificates (Bitcoin Tracker One (COINXBT:SS); Bitcoin Tracker Euro (COINXBE:SS); Ether Tracker One (COINETH:SS); Ether Tracker Euro (COINETHE:SS), which are governed by Swedish law, those Certificates tracking Bitcoin and Ethereum are available and traded in the same manner as any other instrument or security admitted to trading on the Nasdaq NSDX market segment of the multi-lateral trading facility (‘MTF’), Nasdaq First North (operated by Nasdaq Stockholm AB).

The Swedish Financial Supervisory Authority (Sw. Finansinspektionen) has approved the Issuer’s base prospectus dated 25 November 2022.

The Issuer may apply for its Certificates to be admitted to trading on a regulated market or any other market place, such as a multilateral trading facility (“**MTF**”), in Finland, Germany, the Netherlands, Norway, Sweden, and / or the United Kingdom and, subject to completion of relevant notification measures, any other Member State within the EEA.

The Issuer’s Certificates are not subject to an offer to the public in any Member State of the EEA.

THE GUARANTEE

The Guarantor entered into a guarantee with the Issuer on 31 August 2021 (the “**Guarantee**”). Pursuant to the Guarantee, which was given in favour of the holders from time to time of the Issuer’s then-existing series of Certificates, the Guarantor undertook to perform and complete all of the Issuer’s obligations under such Certificates should the Issuer, for any reason, fail to do so. Previously the guarantee was with CoinShares (Jersey) Limited.

The Guarantee is part of the Group’s risk-management and compliance framework. However, it is (and has been) the Group’s intention in connection with the Issuer’s Certificates that the Guarantee is to be a measure of ‘last resort’, with the due and adequate performance of the Issuer’s obligations to be primarily dependent upon the efficient and effective management of collateral.

HEDGING ARRANGEMENTS

Accordingly (and although the Issuer is not obliged to do so), the Issuer has entered into certain agreements with members of the Group to ensure that its payment obligations under the Certificates are appropriately hedged (Collateral Management Agreement). Pursuant to this agreement the Issuer and the Guarantor have agreed that CSCMJL shall undertake all hedging activities with the aim that the Issuer's payment obligations under the Certificates (and, consequently, the obligations under the Guarantee), shall be hedged through a corresponding holding of the relevant crypto-assets, physical or derivative from time to time.

Accordingly, the Issuer is dependent on CSCMJL performing these hedging activities appropriately and the Issuer continuously has an exposure against CSCMJL corresponding to its own net market liability under the Certificates.

CSCMJL holds the majority of its exposure from time to time in secure cold storage.

RISK FACTORS

The following is a general overview of some of the risks that typically are associated with the Issuer, the Guarantor and an investment in the Issuer's Certificates.

The Issuer

The Issuer is exposed to risks which are inherent in its core businesses, including, in particular, the following:

Risk relating to crypto-currencies: the protocols for the crypto-currencies to which the Issuer's Certificates are referenced are publicly available, which means that further innovation therein and thereto is possible. The crypto-currencies in existence as at a given date may not, therefore, mark the end of the evolution of such digital currencies (or digital currencies generally), which may be detrimental to the Issuer.

Credit risk: an investor's ability to receive payment for their Certificate(s) in accordance with the terms and conditions applicable thereto is dependent upon the Issuer's ability to meet those payment obligations (or, in the event of a default on the part of the Issuer, is then dependent upon the Guarantor's ability to meet the payment obligations in accordance with the terms of the Guarantee).

Market risk: the risk of a loss of value on financial instruments (such as the Certificates) arising from, inter alia, changes in the prevailing parameters of the market, in the volatility of those parameters and / or in the correlation(s) between them.

Liquidity risk: the risk that the relevant members of the Group are not able to meet its cash or collateral requirements as they arise and / or at a reasonable cost.

Business risk: risks that arise as a consequence of external circumstances or events which cause harm (which may be unexpected) to the Issuer's reputation or otherwise prejudice its financial position.

Conflict of interests: a conflict of interest exists as a result of the Issuer also discharging the role of calculation agent and, in such role, determining the amounts to be paid to investors. Such calculations may involve a determination by the calculation agent as to whether certain events have taken place or not. The results of such decisions may affect the amounts to be paid to investors. Several legal entities within the same Group as the Issuer may, from time to time, acquire, hold and / or divest themselves of a position in the Issuer's Certificates. When doing so, such entities will act in their own interests, rather than with regard to the interest(s) of other holders of Certificates.

Disputes & Litigation: the Issuer is not, but may from time to time, become party to (or otherwise become involved in) litigation, legal proceedings, disciplinary proceedings and / or regulatory enforcement proceedings (and settlements in connection with the foregoing), including with investors, employees, regulatory authorities and / or other claimants.

The Certificates

Risks relating to the Issuer's Certificates include, in particular, the following:

- the possibility of losing the invested amount (in whole or in part);
- risk of a volatile price determination of the Certificates on the secondary market;
- risk of an illiquid secondary market;
- exposure to volatility of the US Dollar;
- redemption (at the initiative of the Issuer or an investor) may result in the investor losing all or part of the value of their investment;
- the Certificates synthetically reference the underlying crypto-currency (and price movements therein) and do not confer upon an investor any claim to or against the underlying crypto-currency;
- nevertheless, factors affecting the performance of the relevant underlying crypto-currency may adversely affect the value of the Certificates which synthetically track that crypto-currency;
- no value creation or loss avoidance from forks, airdrops and other 'transformation events';
- any returns on the Certificates will not be the same as the returns which a direct investment of an equivalent sum in the relevant underlying crypto-currency could produce;
- the risks relating to small baskets (or baskets with correlated underlying crypto-currencies);
- the risk of the occurrence of one or more adjustment events; and
- tracking-error: which give rise to deviations between the market value of the Certificates and the market values of the crypto-currency to which the series of Certificates is referenced.

The crypto-currencies to which the Certificates are referenced

In light of the market exposure to the crypto-currency to which a series of Certificates is referenced which the Certificates inevitably cause, the following risk factors are primarily related to direct investments in those crypto-currencies. However, in the event one or more of these risks materialise, it may have an adverse effect on the market value of the Certificates, principally due to the adverse effect on or increased volatility of the market value of the crypto-currency to which a series of Certificates is referenced, but also by worsening the financial conditions of the Issuer or the Guarantor, should one or both of them be subjected to such risk:

- the market value, from time to time, of a given crypto-currency will be influenced by expectations as to the future use or other application of such crypto-currency, which may cause the crypto-currency to be highly volatile;
- a lack (or relative lack) of regulation and / or consumer protection relating to the crypto-currency;
- future regulation of a crypto-currency may negatively impact upon the market for such crypto-currency, as well (potentially) upon the operators within the relevant crypto-currency market;
- the risk of the occurrence of fraud or of an accident, leading to the loss of all or some of the crypto-currency in the relevant digital wallet(s);
- the perception (and the extent to which it is held) that there is significant usage of a crypto-currency in connection with criminal or other illicit purposes, could materially influence the development and regulation of crypto-currencies (potentially by curtailing the same); each crypto-currency to which a series of Certificates is referenced is faced with ever increasing competition from competitor crypto-currencies. There are currently many hundreds of crypto-currencies in existence and many more can

- be expected to be developed; and
- holding a crypto-currency may have adverse tax implications (such as incurrence of value added tax or capital gains tax).

The Guarantor

The Guarantor is exposed to risks which are inherent in its core businesses, including, in particular, the following:

Credit risk: investors are exposed to the Guarantor's ability to fulfil its payment obligations under the Guarantee in the event that the Issuer should be unable to meet its obligations in respect of the Certificates in accordance with their applicable terms and conditions. The Guarantor's financial position is affected by a number of factors.

Market risk: the Guarantor's financial results and position have been, and will continue to be, affected by the level of trading and investment activities related to bitcoin and the future development of crypto-currencies generally as an asset class. Should there be negative developments for this asset class and / or the level of trading and investment activities related to bitcoin decline, the Guarantor may be adversely affected which could, in turn, impact upon the Guarantor's ability honour the Guarantee should the Issuer default on its obligations in respect of the Certificates.

Liquidity risk: this is the risk that the Guarantor does not have sufficient funds in order to make required payments at the given moment. In the event that available, liquid, funds are insufficient at the time that a payment is required to be made, the risk is that the Guarantor will not be able (either in full or partially) to fulfil its payment obligations in due time.

Business risk: risks that arise as a consequence of external circumstances or events which cause harm (which may be unexpected) to the Guarantor's reputation or otherwise prejudice its financial position. Of particular relevance may be developments within the crypto-currency industry which might prejudice the Guarantor's position as a leading player in the field.

Operational risk: these are risks relating to losses that the Guarantor may encounter as a result of operational matters such as having inappropriate or insufficient routines, human error, systems failures or and legal risks. If the management and control of the Guarantor's operations has been insufficient it may adversely affect its reputation and / or operating results.

Disputes & Litigation: the Guarantor is not, but may from time to time, become party to (or otherwise become involved in) litigation, legal proceedings, disciplinary proceedings and / or regulatory enforcement proceedings (and settlements in connection with the foregoing), including with investors, employees, regulatory authorities and / or other claimants.

Risk of loss of part of, or the entire, investment

- The return upon a Certificate is based on the changes in the value of the relevant crypto-currency to which the given series of Certificates is referenced. The latter may fluctuate widely. This volatility will impact upon the prices of the Certificates and investors may lose all or a substantial portion of the amount invested in the Certificates.
- Early redemption of a Certificate (which, depending upon their applicable terms and conditions, may be permissible at the election of the Issuer and / or the holders thereof) may prevent investors from benefitting from the performance of the crypto-currency to which the given series of Certificates is referenced over the whole period initially envisaged.
- The terms and conditions of the Certificates include provisions under which delay in the settlement of

the Certificate (or modifications to the manner in which such settlement occurs) may result from the occurrence of certain market disruptions.

- The market value of the Certificates may, from time to time, be lower than the capital invested in them by an investor.
- An insolvency of the Issuer (if combined with a failure or inability by the Guarantor to honour the Guarantee), may cause a total loss of an investor's capital.

Investors in the Issuer's Certificates could sustain the loss of all, or a significant proportion of, any investment made therein. As such, an investment in the Certificates is likely to be highly speculative (and volatile).

FINANCIAL RISK MANAGEMENT

Regarding the management of financial risks, we refer to the Accounting Principles, and "The Company's Risk Factors", where there is a description of the main risks in the company's operations together with the measures taken to manage these risks.

ALLOCATION OF PROFIT

The proceeds from the issuance of Certificates will be applied by the Issuer for its general corporate purposes (i.e.: the proceeds will be used to hedge the Issuer's exposure in respect of the Certificates). Once the Issuer's payment obligations to the holder of a Certificate have been discharged, the fee accrued in respect of that Certificate (250 bps p.a.) is assigned to CSCMJL. In connection with the activities performed by the Issuer in respect of its Certificates, CSCMJL pays the Issuer an annual services fee which is equivalent to: (i) the full costs, variable and fixed, incurred by the Issuer; and (ii) supplemented by an arm's-length mark-up thereon (the latter determined by the transactional net margin method by reference to the full-cost mark-up of comparable unconnected businesses), which mark-up is periodically reviewed by the Issuer and CSCMJL.

The Issuer is tax resident in Sweden

DEVELOPMENTS IN 2022

2022 was a disappointing year for the digital asset market. Against market turmoil and major insolvencies, the digital asset space saw a decreasing amount of institutional and retail interest, coupled with diminishing liquidity. Prices fell dramatically in the first half of 2022 and have stabilised but not recovered.

The obligation represented by the Issuer's Certificates (and the corresponding AUM amount, shown within the financial statements as receivable due from CSCMJL) has decreased significantly over the course of 2022. This decrease has been driven by the decrease in the market value of the digital assets the Certificates represent (as noted above). The Company has seen a net redemption of notes which were expected in light of the drastic fall in prices.

The closing 2022 Bitcoin price of USD 16,521 marked a decrease over the course of 2022 of 66%, while Ethereum marked a decrease of 68%, closing at USD 1,196. Certificates issued by XBT referencing Bitcoin and Ethereum have decreased by roughly 13% and 20% respectively. These factors combined have resulted in the AUM associated with the Certificates falling 75% to USD 1.1 billion in 2022.

The Issuer's latest prospectus was approved by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) on 25 November, 2022.

CORPORATE GOVERNANCE REPORT

(Because the Issuer's share capital is not listed on a stock exchange, the Code for Corporate Governance is not applicable to the Issuer).

Constitution & Annual General Meeting

The Issuer's Articles of Association (the "Articles") and the Swedish Companies Act (Aktiebolagslagen) form the basis, inter alia, and underpin the governance framework of the Issuer.

Amendments to the Issuer's Articles are a matter reserved to its shareholders from time to time. The minimum majority of shareholder votes required in order to amend the Issuer's Articles is two-thirds of the votes cast and represented at the shareholder meeting, however certain specific alterations referred to in the Swedish Companies Act require unanimity. The Issuer's sole shareholder, CSIL, can accordingly amend the Issuer's Articles.

The Annual General Meeting is the decision-making forum in which the Issuer's shareholder (CSIL) can exercise its influence. The duties of the Annual General Meeting are regulated in the Articles of Association and the Swedish Companies Act, and include: the election of the Board of Directors; appointment of the Auditor; the approval of the financial statements; and the granting of discharge (if any) from liability for the Board of Directors and the Managing Director. As shareholder, CSIL can remove members of the Issuer's Board of Directors.

The 2022 Annual General Meeting was held on 26 May 2022.

Board of Directors

The duty of the Issuer's Board of Directors (the "Board") is to develop the long-term strategy, guidelines, vision and values of the Issuer.

During 2022 the Board consisted of the following members:

- Mr. Dennis Engström (born 1979, Swedish citizen), appointed Managing Director (appointed, 31 December 2019, resigned 21 January 2022)
- Jean-Charles Dudek, (born 1980, French citizen) Board Member & Managing Director (appointed, 21 January 2022, resigned 17 March 2023)
- Jerome Castille, (Born 1991, French citizen) Board Member & Managing Director (appointed, 17 March 2023)
- Mr. Daniel Masters (born 1963, British citizen), also serving as Chairman of the Board
- Mr. Jean-Marie Mognetti (born 1984, French citizen)

The provisions of the Swedish Companies Act (Aktiebolagslagen) and the Issuer's Articles concerning the duties of the members of the Board are supplemented by certain working procedures adopted by the Board, which include provisions detailing the division of work between the Board members, the Chairman of the Board and the Managing Director. These working procedures prescribe that the Board is to meet a minimum of four times within a calendar year and the Board duly did so in 2021. All Board meetings of the Issuer in 2021 were held in Jersey, Channel Islands, and the Annual General Meeting was held in Sweden, as prescribed by the Issuer's working procedures.

Due to the relatively small nature of the Issuer's organisation, no committees of the Board have been established. Consequently, all matters of importance are dealt with directly by the Board.

Administration and secretarial support in connection with the Issuer was outsourced during the whole of 2021 to an external service provider pursuant to arrangements implemented at a Group level.

Jerome Castille, Board Member & Managing Director

Mr. Castille has the following responsibilities:

- Implementing values and standards and aligning those values and standards to the CoinShares group vision and strategy.
- Conduct business assessments in order to maintain conformity with the requirements of the Swedish regulatory authority (the Swedish Financial Supervisory Authority - Finansinspektionen) and the applicable Nasdaq rulebook, including general listing rules.
- Providing strategic and executive leadership for day-to-day operations of the Issuer, monitoring of and executing all applicable statutory requirements relating to all aspects of the business activities of the Issuer (including monitoring the trading activities of the group's management system in Jersey).
- To act as a liaison for the Issuer in connection with the Scandinavian and European markets for investors and third-parties, ensuring that all relevant service providers, supervisory authorities and other participants are aware of all changes to personnel, structure, office address or other matters.
- Maintain, arrange and increase the number of liquidity providers (on exchange) in order to provide risk diversification and constant liquidity of the Certificates.
- To provide support for the delivery of strategic projects, including exploring the issuance of new securities, expanding the product range and contributing to the ongoing development of the CoinShares' strategy.
- Monitoring of activities and through appropriate management and planning, the identification of the needs for supporting growth.
- Working with Group executives and third parties (including lawyers and auditors) in order to regularly renew the Issuer's base prospectus, and to provide and undertake regulatory filings for the Issuer.

Mr. Daniel Masters, Board Member & Chairman

Mr. Masters has the following responsibilities:

- To monitor general business developments and keep other members of the Board continually apprised of the same, in order to enable the Board to function effectively and in accordance with the Swedish Companies Act (aktiebolagslagen).
- The recruitment and monitoring the performance of the Managing Director, personnel and service providers who directly and indirectly support the Issuer.
- The creation and communication of business strategies at a high level, the promotion of consensus regarding an overarching business strategy, and monitoring short and long-term financial prognoses in order for sufficient resources to be available.
- Conducting regular assessments of the efficiency of the Board in order for the Issuer to be able to fulfil its financial, regulatory and operational obligations.

Mr. Jean-Marie Mognetti, Board Member

Mr. Mognetti has the following responsibilities:

- Maintaining relationships with banks and other financial counterparties that ensures that all KYC / AML requirements are fulfilled, that banks are evaluated, and that appropriate agreements are in place with those banks and counterparties on an ongoing basis.
- Maintaining the network of payment channels between banks and the Issuer, together with ensuring ongoing discussions with encryption and network security experts in order to enable the Issuer to apply evolving best practices.
- Ensure that issued certificates are fully hedged in accordance with the Issuer's hedging strategies.
- To 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, including:
 - the design and management of the IT infrastructure, in order to ensure transparency for the Board within the areas of cash movements, outstanding liabilities and market and counterparty exposure;
 - implementation of two-factor authentication for all accounts and regular updating of log-in details; and
 - creation and maintenance of a business continuity and disaster recovery plan, in accordance with the Group's existing methods.

AUDITOR

Johan Rudengren, Rådek AB, is the Issuer's current auditor.

Fair overview of the development of the Company's operations (TSEK)

Multi-year overview (TSEK)	2022	2021	2020	2019
Net sales	4 024	4 221	3 620	3 675
Operating margin, (%)	4	4	4	4
Balance sheet total	10 972 089	38 525 506	19 715 568	4 895 332
Return on capital employed, (%)	1	4	2	2
Return on equity, (%)	4	4	4	4
Equity/asset ratio, (%)	0	0	0	0

For definitions of key ratios, see Note 24.

Proposed appropriation of profits

The Board of Directors proposes that the following amount at the disposal of the annual meeting of shareholders

profit brought forward	2 730 315
profit for the year	116 693
	2 847 008

be appropriated as follows:

to be carried forward	2 847 008
	2 847 008

Information regarding the Company's earnings and financial position, in general, is found in the following income statement and balance sheet, as well as in the cash flow analysis and accompanying Notes.

Income statement

	Note	1 Jan. 2022- 31 Dec. 2022	1 Jan. 2021- 31 Dec. 2021
	1, 2		
Operating income	3		
Net sales	4	4 023 921	4 220 702
		4 023 921	4 220 702
Operating costs			
Administration costs	5, 6, 7	-3 189 333	-4 035 550
Other operating expenses		-679 822	-22 818
		-3 869 155	-4 058 368
Operating profit/loss		154 766	162 334
Profit/loss from financial items			
Other interest income and similar profit/loss items	4, 8	28	0
Interest expenses and similar profit/loss items	4, 9	-1 147	-63
Value changes, certificates/currencies	10	0	0
		-1 119	-63
Profit/loss after financial items		153 647	162 271
Profit/loss before tax		153 647	162 271
Tax on the year's results	11	-36 954	-34 437
Net profit/loss for the year		116 693	127 834

Report over profit/loss and Other comprehensive income

The Company reports no items in Other comprehensive income which implies that the carrying amount of the year's results agrees with the net profit/loss for the year.

Net profit/loss for the year	116 693	127 834
Total comprehensive income	116 693	127 834

Balance sheet	Note	31 Dec. 2022	31 Dec. 2021
	1, 2		
ASSETS			
Fixed assets			
<i>Financial assets</i>			
Other non-current receivables	12	1 856	1 856
		1 856	1 856
Total fixed assets		1 856	1 856
Current assets			
<i>Current receivables</i>			
Receivables from Group companies	13, 14	10 971 535 689	38 525 185 048
Other receivables		23 713	57 808
Prepaid expenses and accrued income	15	132 600	132 600
		10 971 692 002	38 525 375 456
<i>Cash and cash equivalents</i>	22	394 924	128 536
Total current assets		10 972 086 926	38 525 503 992
TOTAL ASSETS		10 972 088 782	38 525 505 848
EQUITY AND LIABILITIES			
Equity	16, 17		
<i>Restricted equity</i>			
Share capital		500 000	500 000
		500 000	500 000
<i>Non-restricted equity</i>			
Retained earnings or losses		2 730 315	2 602 481
Profit/loss for the year		116 693	127 834
		2 847 008	2 730 315
Total equity		3 347 008	3 230 315
Untaxed reserves	18	980 000	980 000
Current liabilities			
Accounts payable		0	1 985
Current tax liabilities		5 772	3 054
Other liabilities	19	10 966 874 720	38 520 400 358
Accrued expenses and deferred income	20	881 282	890 135
Total current liabilities		10 967 761 774	38 521 295 532
TOTAL EQUITY AND LIABILITIES		10 972 088 782	38 525 505 848

Statement of changes in equity

	Share capital	Retained earnings	Total equity
Opening balance, 1 Jan. 2021	500 000	2 602 481	3 102 481
Profit/loss for the year		127 834	127 834
Closing balance, 31 Dec. 2021	500 000	2 730 315	3 230 315
Profit/loss for the year		116 693	116 693
Closing balance, 31 Dec. 2022	500 000	2 847 008	3 347 008

Cash flow analysis

	Note	1 Jan. 2022- 31 Dec. 2022	1 Jan. 2021- 31 Dec. 2021
	1, 2		
Ongoing operations			
Profit/loss after financial items		153 647	162 271
Adjustments for items not included in cash flow	21	678 442	20 307
Tax paid		-34 236	-30 674
Cash flow from ongoing operations before changes in working capital		797 853	151 905
Cash flow from change in working capital			
Change in current receivables		1 397 178	187 383
Change in current liabilities		-1 250 201	-867 259
Cash flow from ongoing operations		944 829	-527 971
Cash flow for the year		944 829	-527 971
Liquid funds at the beginning of the year	22		
Liquid funds at the beginning of the year		128 536	676 815
Exchange rate differences, liquid funds			
Exchange rate differences, liquid funds		-678 442	-20 307
Liquid funds at the end of the year		394 924	128 536

Notes

Note 1 General information and accounting and valuation principles

General information

XBT Provider AB (publ), Corp. ID No. 559001-3313, is a limited liability company registered in Sweden with its registered offices in Stockholm. The address of the head office is Artillerigatan 6. The Company's operations are comprised of the issue of financial instruments and other associated activities.

The Company is a wholly-owned subsidiary of CoinShares International Limited, Corp. ID No. 102185, with registered offices on Jersey.

Statutory framework

The annual report for XBT Provider AB (publ) has been prepared according to the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation, RFR 2, Accounting of legal entities. The application of RFR 2 implies that the Company shall implement, as far as possible, all of the EU adopted International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretations Committee (IFRIC) within the framework of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act, as well as implying consideration of the relationship between accounting and taxation.

The financial statements are prepared in accordance with the cost model except for the financial assets and financial liabilities which are valued at fair value.

All amounts are in krona (SEK) unless stated otherwise.

New and changed standards and interpretations coming into effect from 1 January 2022

The new and changed standards and interpretations in IFRS to be applied from 2022 are deemed to have no significant impact on the Company's financial statements.

No new and changed standards and interpretations which are yet to come into effect are expected to have an impact on the Company.

The Company management's assessment is that other new and changed standards and interpretations will not have a significant effect on the Company's financial statements in the period in which they are first applied.

Revenue recognition

Net sales are comprised of revenue from the sale of services. In accordance with IFRS 15, revenue recognition takes place when the control of the service in question is transferred to the client, based on a five stage model:

- identification of the contract with the client,
- identification of the separate performance obligations in the contract,
- determination of the transaction price,
- allocation of the transaction price to the separate performance obligations, and
- recognition of the revenue when the entity has satisfied the performance obligations.

XBT Provider's revenue is comprised of compensation in the form of a standard return on its operating costs in return for the administrative services provided to the Group in handling the listed Certificates. The compensation is reported in conjunction with these services being executed.

Since June 2017, CoinShares (Jersey) Limited established a company, CoinShares Capital Markets (Jersey) Limited, to provide hedging services to XBT Provider AB. According to this hedging agreement, XBT Provider AB is classified as a limited risk supplier and incurs, as such, the right to receive a standard return on its operating costs. This standard return is defined as a markup of 4%. The handling of the Certificates as stipulated in the agreements, their administration, the hedging arrangements, maintenance, guarantees and security is provided from Jersey via CoinShares (Jersey) Limited and CoinShares Capital Markets (Jersey) Limited.

Lease contracts

A financial lease contract is an agreement according to which the economic risks and benefits associated with the ownership of an asset are, in all significant aspects, transferred from the lessor to the lessee. Other lease contracts are classified as operational lease contracts. The Company has only operational lease contracts in the form of one rental agreement. The rental cost is deemed to be immaterial and, therefore, there is no detailed description of this amount in this financial report.

Foreign currencies

The Company's reporting currency and functional currency is Swedish krona (SEK).

Translation of items in foreign currencies

Monetary items in foreign currency are translated at the balance sheet rate. Exchange rate differences are reported in operating income or as a financial item based on the underlying business event in the period in which the differences arise.

Employee remuneration

The Company had no employees during the financial year. No compensation has been paid to Members of the Board of Directors.

Financial costs

Financial costs are comprised of interest expenses on suppliers liabilities.

Income taxes

Tax costs are comprised of total of current tax plus any possible deferred tax.

Current tax

Current tax is calculated on the taxable income for the period. Taxable income differs from the income reported in the income statement as it is adjusted for non-taxable revenue and non-deductible expenses, as well as for revenue and costs which are taxable or deductible in other periods. The Company's current tax liabilities are calculated according to determined or notified tax rates as at balance sheet date.

Current tax for the period

Current tax is reported as a cost or revenue in the income statement, except when the tax amount in question refers to transactions reported in Other comprehensive income or directly against equity. In such a case, the tax amount is also reported in Other comprehensive income or directly against equity.

Finansiella instrument

XBT Provider AB reports its financial instruments according to IFRS 9.

XBT Provider AB's financial instruments are comprised of receivables and liabilities with Group companies, certificates, cash and bank balances and suppliers liabilities. The Company classifies its financial instruments according to the following categories: financial assets valued at fair value in the income statement, loan receivables, liabilities valued at fair value in the income statement and other liabilities. The classification is dependent on the purpose of the acquisition of the financial asset or the reason for the liability arising. Management determines the classification of the financial assets and liabilities in conjunction with the initial reporting of such items.

The Company has two major classes of financial instruments:

- short-term liabilities, Certificates in crypto currencies which have been designated as financial liabilities valued at fair value, and
- hedging agreements with CoinShares Capital Markets (Jersey) Limited which are valued at fair value.

(a) Financial assets and liabilities

Receivables with Group companies are financial assets which are not hedges and which have been determined, or are determinable, payments and which are not listed in an active market. These receivables are included in current assets with the exception of items with a maturity date more than 12 months after the end of the reporting period, which are classified as fixed assets. The Company's loan receivables are comprised of receivables from Group companies and other receivables, as well as liquid funds as reported in the balance sheet.

(b) Certificates

During 2015, XBT Provider AB issued Certificates in SEK, Bitcoin Tracker One and in EUR, Bitcoin Tracker Euro which is listed on the First North Stockholm. The Certificates are theoretically valued on the basis of the average Bitcoin price on three exchanges and on the relevant exchange rates in USD, EUR vis á vis SEK, less a fee. Bitcoin and other exchange rates have been determined at the same point in time, that is, as at 31 December 2022.

During October 2017, Certificates were issued in SEK, Ether Tracker One and in EUR, Ether Tracker Euro and these are also listed on First North Stockholm. The Certificates are designed to mirror the value changes in Ether. The Certificates are theoretically valued on the basis of the average Ether price on three exchanges and the relevant exchange rates in USD and EUR vis á vis SEK, less a fee. Ether and other exchange rates have been determined at the same point in time, that is, as at 31 December 2022.

During April 2019, Certificates were issued in SEK, Litecoin Tracker One and XRP Tracker One, and in EUR, Litecoin Tracker Euro and XRP Tracker Euro. The Certificates were listed on the Nordic MTF. The Certificates are theoretically valued on the basis of the average of the Litecoin, respective the XRP price, on three exchanges and on the relevant exchange rates in USD and EUR vis á vis SEK, less a fee. The Certificates Litecoin Tracker One, Litecoin Tracker Euro, XRP Tracker One and XRP Tracker Euro were removed from trading in April 2021 and will not be renewed.

The certificate owners of all Certificates incur the right to, twice a year, request advance redemption of the certificates. The fees for advance redemption are two percent. The possibility of advance redemption is specified in the Certificates' terms and conditions in order that such redemption can be utilised when there is weak liquidity in the Certificates.

The purchase and sale of the certificates and the hedging of these are reported as at trade date.

Assets include holdings of Bitcoin, Ether and receivables from traded Bitcoin or Ether and liabilities include Certificate liabilities. Assets and liabilities are valued at fair value in the income statement.

In accordance with IFRS 7, financial assets and liabilities are valued at fair value. Fair value according to IFRS 13 is determined as follows:

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

Level 2: Data other than market price included in Level 1 which are observable as regards the asset or liability either directly (such as prices) or indirectly (attributable to prices).

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

XBT Provider's Certificates are valued at fair value and have been classified as Level 2 according to the IFRS hierarchy. The reason for this is that the value of the Certificates is based on the definition provided in XBT Provider's prospectus which is based on an average of the prices of three different cryptocurrency exchanges. Even if the digital currencies are traded on active markets with identifiable prices, there are differences in the prices between the various digital currencies. As a result, certificate liabilities have been valued according to Level 2 as that valuation method is deemed to be the most appropriate.

A Level 3 classification would have been used if certain pricing parameters had not been identifiable, which is not the case here as the prices of the cryptocurrencies are observable in the liquid market.

31 December 2022	Level 1	Level 2	Level 3
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Receivables with CoinShares	
Capital Markets (Jersey) Limited	10 966 874 720
Total	10 966 874 720

Bitcoin Tracker One (SEK)	2 684 666 178
Bitcoin Tracker Euro (EUR)	3 364 824 870
Ether Tracker One (SEK)	1 853 982 073
Ether Tracker Euro (EUR)	3 063 401 599
Total	10 966 874 720

Fordran CoinShares Capital Markets (Jersey) Limited	38 520 400 358
Totalt	38 520 400 358

Bitcoin Tracker One (SEK)	8 494 474 820
Bitcoin Tracker Euro (EUR)	11 389 140 931
Ether Tracker One (SEK)	6 878 792 653
Ether Tracker Euro (EUR)	11 757 991 954
Total	38 520 400 358

(c) Reporting and valuation

The purchase and sale of financial assets is reported at trade date / the date on which the Company commits to purchase or sell the asset. When first reported, financial assets are reported at fair value plus transaction costs which applies to all financial assets which have not already been reported at fair value in the income statement. Financial assets valued at fair value in the income statement are, on the first occasion, reported at fair value, while associated transaction costs are reported in the income statement. Financial assets are eliminated from the balance sheet when the right to receive the cash flow from the instrument has terminated or been transferred and the Company has transferred, in all significant respects, all of the risks and benefits associated with ownership of the asset. A financial liability is eliminated from the report of the financial position when the obligation in the agreement is fulfilled or in another manner no longer applies. The same applies to certain financial liabilities. Financial assets valued at fair value in the income statement are reported at fair value from the date of acquisition. Loan receivables are reported from date of acquisition at accrued acquisition value applying the effective interest rate method.

Fair value of financial instruments

Financial assets are reported when XBT Provider AB enters into an agreement with a counter-party, which, in general, takes place at trade date and usually expires when the right to the cash flow is terminated or transferred. Financial liabilities are reported with XBT Provider AB enters into an agreement with a counter-party. No hedge accounting is applied.

Dividends

Dividends paid to the Parent Company's shareholders are reported as a liability in the Group's financial statements in the period in which the dividend was approved by the Parent Company's shareholders.

Liquid funds

Liquid funds include cash and bank balances and other short-term liquid investments which can easily be converted to cash and which are subject to an insignificant risk of value fluctuation. In order to be classified as liquid funds, the tenor is not to exceed three months from date of acquisition.

Cash flow analysis

The cash flow analysis shows changes in the Company's liquid funds during the financial year. The cash flow analysis has been prepared according to the indirect method. The reported cash flow includes only those transactions incorporating received or executed payments.

Risk factors

The Company's operations are comprised of the issuing of Certificates whereby the investor can receive an investment mirroring the value development of Bitcoin and Ether. XBT has an agreement with the Group company, CoinShares Capital Markets (Jersey) Limited, to hedge the price of the digital currencies and the exchange rates for the Certificates. The Certificates in SEK and EUR are, therefore, fully hedged and the Company is not exposed to any direct market, currency or interest rate risk.

Below is a description of the major risks in the Company's operations together a description of those measures undertaken to address these risks.

a) Market risk:

i) Currency risk

The Company incurs limited exposure to currency risk. The currency risk arising in conjunction with the purchase and sale of Certificates is handled by the Group company, CoinShares Capital Markets (Jersey) Limited, who regularly track the exposure of assets and liabilities in foreign currency.

ii) Interest rate risk

Interest rate risk is the risk that the Company's value will be impacted by fluctuations in market interest rates.

The majority of the Company's financial assets and liabilities are not interest-bearing, rather, their value is linked to the prices of the digital currencies and, consequently, the Company is not exposed to significant risks due to fluctuations in market interest rate levels.

iii) Digital currency risk

Digital currencies are a volatile asset class. The digital currency risk arises from the uncertainty regarding the future price of the digital currency which impacts both the fair value of the hedge transaction with CoinShares Capital Markets (Jersey) Limited and the fair value of the Tracker certificate issued to external Certificate holders. Exposure to changes in the prices of digital currencies is reduced through the hedging agreements with CoinShares Capital Markets (Jersey) Limited, which results in the Company having a hedge without an expiry date. No hedge accounting is applied.

b) Credit risk

Credit risk is the risk that the Issuer or a counter-party will not be able, or will not wish, to fulfill a payment obligation undertaken vis á vis the Company.

The Company has entered into a hedging agreement with CoinShares Capital Markets (Jersey) Limited to handle the hedging of the Certificates. CoinShares Capital Markets (Jersey) Limited holds the majority of its digital currencies and depository receipts with third parties which are, partially, stored in "hot wallets". As the Group does not control the private keys of these third parties, there can exist uncertainty as regards the assets and the third parties' capability to convert these assets to funds in order that CoinShares Capital Markets (Jersey) can full its intra-Group hedging obligations vis á vis XBT Provider AB (publ) when such obligations fall due.

Even if there is an inherent credit risk in this hedging agreement, this risk is reduced by CoinShares Capital Markets (Jersey) Limited's control environment, risk processes and strong balance sheet.

c) Liquidity risk:

Liquidity risk is the risk that the Company will face problems in meeting its obligations, primarily vis á vis the certificate holders.

Liquidity risk is hedged by and is the responsibility of CoinShares Capital Markets (Jersey) Limited who has executed an analysis of the maturity dates of assets and liabilities evidencing that there exists no significant liquidity risk. The Certificates incur no fixed due dates and there are no planned maturity dates for the Certificates.

With serious market disruptions in the digital currency market, there are contract regulations in the prospectus further reducing liquidity risk. The terms for the Certificates include regulations which, in the case of market disruptions, can result in delays in the redemption of the Certificates.

Note 2 Estimates and assessments

Management deems that that no significant estimates and assessments have been applied in the preparation of the annual financial statements.

Note 3 Operating income

	2022	2021
The Company has the following types of revenue		
Intra-Group compensation	4 023 922	4 220 702
	4 023 922	4 220 702

Note 4 Transactions with related parties

The following transactions have taken place with related parties:

	2022	2021
Sale and purchase of goods and services		
Intra-Group compensation	4 023 922	4 220 702
	4 023 922	4 220 702

Note 5 Administration costs

	2022	2021
Commission and issue expenses	604 346	939 000
Rent	7 425	7 424
Legal services	259 739	197 700
Auditor fees	502 625	617 944
Accounting services	627 053	660 739
IT services	52 937	68 162
Other external services	1 030 814	1 081 652
Other administration costs	104 394	462 929
	3 189 333	4 035 550

Note 6 Fees and cost compensation to auditors

	2022	2021
Öhrlings PriceWaterhouseCoopers AB		
Audit assignment	502 625	617 944
	502 625	617 944

Note 7 Lease contracts

Leasing costs for the year according to lease contracts amounted to SEK 7,425.

Note 8 Other interest income and similar profit/loss items

	2022	2021
Other interest income	28	0
	28	0

Note 9 Interest expenses and similar profit/loss items

	2022	2021
Other interest expenses	-1 147	-63
	-1 147	-63

Note 10 Value changes, Certificates/currencies

	1 Jan. 2022- 31 Dec. 2022	1 Jan. 2021- 31 Dec. 2021
Value changes, Certificates/currencies		
Bitcoin Tracker One	5 809 808 642	-2 740 491 089
Bitcoin Tracker One Euro	8 024 316 061	-1 472 071 644
Ether Tracker One	5 024 810 580	-5 638 873 373
Ether Tracker One Euro	8 694 590 355	-9 030 723 693
Litecoin Tracker One	-	26 012 772
Litecoin Tracker One Euro	-	10 619 382
XRP Tracker One	-	22 860 211
XRP Tracker One Euro	-	10 753 417
Total value changes, Certificates/currencies	27 553 525 639	-18 811 914 019

	1 Jan. 2022- 31 Dec. 2022	1 Jan. 2021- 31 Dec. 2021
Changes in receivables		
Bitcoin Tracker One	-5 809 808 642	2 740 491 089
Bitcoin Tracker One Euro	-8 024 316 061	1 472 071 644
Ether Tracker One	-5 024 810 580	5 638 873 373
Ether Tracker One Euro	-8 694 590 355	9 030 723 693
Litecoin Tracker One	-	-26 012 772
Litecoin Tracker One Euro	-	-10 619 382
XRP Tracker One	-	-22 860 211
XRP Tracker One Euro	-	-10 753 417
Total change in receivables	-27 553 25 639	18 811 914 019

	31 Dec. 2022	31 Dec. 2021
Number of issued Certificates		
Bitcoin Tracker One	3 623 578	4 061 699
Bitcoin Tracker One Euro	459 702	548 341
Ether Tracker One	16 649 235	20 606 836
Ether Tracker One Euro	2 774 973	3 546 603
	23 507 488	28 763 479

	31 Dec. 2022	31 Dec. 2021
Exchange rates		
Bitcoin Tracker One	740.89 SEK	2 091.36 SEK
Bitcoin Tracker One Euro	657.74 EUR	2 030.94 EUR
Ether Tracker One	111.36 SEK	333.81 SEK
Ether Tracker One Euro	99.20 EUR	324.17 EUR

The Certificates, Litecoin Tracker One (COINLTC:SS), Litecoin Tracker Euro (COINLTCE:SS), XRP Tracker One (COINXRP:SS) and XRP Tracker Euro (COINXRPE:SS) were removed from trading in April 2021 and will not be renewed.

Note 11 Tax on the year's results

	2022	2021
Tax on the year's results		
Current tax costs	36 954	34 437
Total reported tax	36 954	34 437

Reconciliation of effective tax

	2022		2021	
	Percent	Amount	Percent	Amount
Reported profit/loss before tax		153 647		162 271
Tax at applicable tax rate	20.60	-31 651	20.60	-33 428
Non-deductible expenses	2.80	-4 300	0.00	0
Non-taxable income	20.60	6	0.00	0
Tax effect of the standard rate on the tax allocation reserve	20.60	-1 009	0.62	-1 009
Reported effective tax	24.05	-36 954	21.22	-34 437

Note 12 Other non-current receivables

	31 Dec. 2022	31 Dec. 2021
Opening acquisition value	1 856	1 856
Closing accumulated acquisition value	1 856	1 856
Carrying value at year-end	1 856	1 856

Note 13 Receivables from Group Companies

	31 Dec. 2022	31 Dec. 2021
Opening acquisition value	38 525 185 048	19 714 510 392
Additional receivables	13 414 358 386	46 259 510 743
Receivables paid	-40 968 007 745	-27 446 586 536
Reclassifications	0	-2 249 551
Closing accumulated acquisition value	10 971 535 689	38 525 185 048
 Carrying amount at year-end	 10 971 535 689	 38 525 185 048

Note 14 Loans to/from related parties

	31 Dec. 2022	31 Dec. 2021
Loans to CoinShares International limited		
At the beginning of the year	2 813 538	6 024 052
Amortisation	-4 147 642	-3 210 514
Transfer of loans from CSCMJL	5 995 073	0
	4 660 969	2 813 538
 Loans to CoinShares Capital Markets (Jersey) Limited		
At the beginning of the year	38 522 371 510	19 708 486 340
Changes in Certificate loans	-27 553 525 639	18 811 914 019
New loans	4 023 922	4 220 702
Reclassifications	0	-2 249 551
Transfer of loans to CSIL	-5 995 073	0
	10 966 874 720	38 522 371 510
 Loans from CoinShares Capital Markets (Jersey) Limited		
At the beginning of the year	0	2 249 551
Reclassifications	0	-2 249 551
	0	0

Note 15 Prepaid expenses and accrued income

	31 Dec. 2022	31 Dec. 2021
Other items	132 600	132 600
	132 600	132 600

Note 16 Number of shares and quota value

	Number of shares	Quota value
Number of shares	5 000	100
	5 000	

Note 17 Proposed appropriation of profits/treatment of losses

31 Dec. 2022

Proposed appropriation of profits

The Board of Directors proposes that the following amount at the disposal of the annual meeting of shareholders:

profit brought forward	2 730 315
profit for the year	116 693
	2 847 008

be appropriated as follows:

to be carried forward	2 847 008
	2 847 008

Note 18 Untaxed reserves

31 Dec. 2022

31 Dec. 2021

Tax allocation reserve, 2017 tax assessment	980 000	980 000
	980 000	980 000
Tax effect of imputed interest on profit allocation reserves	1 009	

Note 19 Other liabilities

31 Dec. 2022

31 Dec. 2021

Bitcoin Tracker One	2 684 666 178	8 494 474 820
Bitcoin Tracker Euro	3 364 824 870	11 389 140 931
Ether Tracker One	1 853 982 073	6 878 792 653
Ether Tracker Euro	3 063 401 599	11 757 991 954
	10 966 874 720	38 520 400 358

Note 20 Accrued expenses and deferred income

31 Dec. 2022

31 Dec. 2021

Other items	881 282	890 135
	881 282	890 135

Note 21 Adjustments for items not included in the cash flow

	31 Dec. 2022	31 Dec. 2021
Exchange rate losses	678 442	20 307
	678 442	20 307

Note 22 Liquid funds

	31 Dec. 2022	31 Dec. 2021
Liquid funds		
Bank balances	394 924	128 536
	394 924	128 536

Note 23 Information regarding the Group

The Group is a wholly-owned subsidiary of CoinShares Internation Limited, Corp. ID No. 102185, with registered offices on Jersey, with CSIL being the ultimate Parent Company in the Group.

Note 24 Key ratio definitions

Operating margin

Operating income / Net sales

Balance sheet total

Total assets

Return on capital employed

(Operating income + financial revenue) / capital employed

Financial income

Amounts included in net financial items attributable to assets (which are included in capital employed)

Capital employed

Total assets – interest-free liabilities

Non-interest bearing liabilities

Interest-free liabilities

Return on equity

Profit/loss after financial items/adjusted equity

Equity/asset ratio

(Total equity + 79.4 percent of untaxed reserves) / Total assets

Note 25 Significant events after the end of the financial year

With reference to the military conflict in Ukraine, the Company currently makes the assessment that this war does not have any significant effects on the Company's financial position and results. However, the Company is aware that this war could potentially impact the global economic situation and, thereby, also the Company, in an unforeseeable, negative manner and, due to this, the Company is intensively monitoring these developments.

Stockholm, 2023

Jerome Castille
Managing Director

Daniel Masters
Chairman

Jean-Marie Mognetti

Our auditors report was presented on , 2023

Rådek AB

Johan Rudengren
Authorised Public Accountant