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CoinShares

2021 ANNUAL REPORT

WHAT IS COINSHARES?

CoinShares is Europe's largest digital asset firm, managing billions of assets on behalf of a global client base.

We believe that Bitcoin and blockchain networks are landmark innovations that will fundamentally reshape the global financial system, and investors should be able to participate in this transformation. Our mission is to build the future of investing by pioneering new financial products and services for all types of investors.

Core Activities

Asset Management

CoinShares is the market leader in ETPs linked to digital assets, with its wholly owned subsidiary XBT Provider AB having listed the first ETP referencing bitcoin in 2015.

The key components of our asset management platform are **XBT Provider, CoinShares Physical,** and the **CoinShares Blockchain Global Equity Index.**

Across our product suite we offer exposure to a wide range of digital assets and equities, aiming to meet the growing and ever-changing investor demands we see within the digital asset ecosystem.

Capital Markets

CoinShares Capital Markets activities, initially set up to support our own products, has evolved into a diversified offering which generates a variety of gains for the Group.

CoinShares Capital Markets undertakes activities including **Electronic Trading & Strategy Execution, Liquidity Provisioning, Digital Asset Lending** and **DeFi Activities.**

We execute across a wide range of venues and counterparties, including traditional market venues, proprietary trading firms, and cryptocurrency market venues. Historically, these activities have been self-serving, but we are increasingly exploring ways to leverage our capabilities in order to provide services to external parties looking to participate within the digital asset ecosystem.

Consumer Solutions

While not a significant feature of 2021, following the acquisition of Napoleon at the end of the financial year, we are now aiming to lead the global push to expand sophisticated investing into digital assets. The Napoleon platform enables investment in cryptocurrencies via a suite of pre-built portfolios and strategies that cater to different investment objectives, while simultaneously retaining complete control over their funds.

We want to provide investors of all profiles trusted, transparent and easy access to cryptocurrency investing through our consumer products.

Principal Investments

The Group holds a number of investments in both equities and digital assets. While value appreciation in such holdings is beneficial to the financial performance of the Group, this portfolio enables CoinShares to become a stakeholder in all corners of the digital asset ecosystem, building strategic partnership and relationships that have the potential to contribute to the overall mission of the Group – to build the future of investing.

Galata

The core business activities are built on our proprietary trading platform, **Galata**, built by the Capital Markets team. **Galata** acts as an Operating System for the whole company. Galata is a bridge between traditional finance and decentralised finance. It enables the proper execution of orders, our investment strategies, and our product distribution. It links different exchange platforms and different services that are today crucial to the success of our business.

In summary, what is CoinShares? It is the sum of its people who are passionate investors, powered by technology, future-oriented, leveraging deep research, financial expertise, AI and algorithmic know-how, aiming to build the future of investing.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Board of Directors

Daniel Masters
Non-Executive Chairman

Jean-Marie Mognetti
CEO / Board Member

Johan Lundberg
Independent
Non-Executive Director

Carsten Køppen
Independent
Non-Executive Director

Christine Rankin
Independent
Non-Executive Director

Viktor Fritzén
Independent
Non-Executive Director

Management Team

Jean-Marie Mognetti
CEO / Board Member

Meltem Demirors
Chief Strategy Officer

Frank Spiteri
Chief Revenue Officer

Graeme Dickson
Group General Counsel

Richard Nash
Chief Financial Officer

Benoît Pellevoizin
Head of Marketing
& Communications

Pierre Porthaux
Head of Trading
Technology

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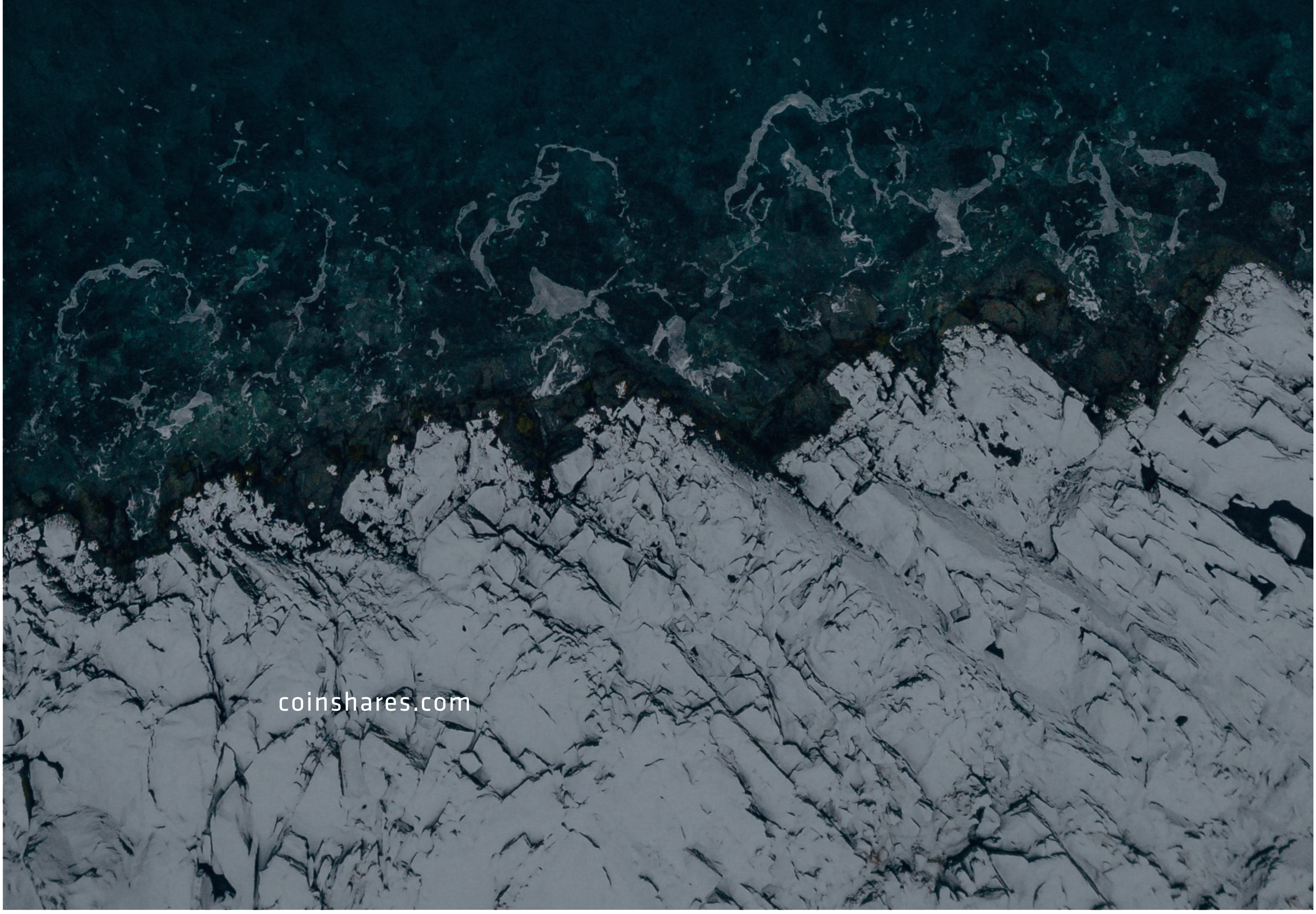

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MESSAGE FROM THE CEO

Dear fellow shareholders,

As I write this, the digital asset industry is recovering from one of the biggest blows it has ever experienced. In parallel, the Federal Reserve's fresh rate hikes, and regulatory uncertainty across Europe and the US have triggered negative price action in digital assets. On a more positive note, Crypto has to a large extent become mainstream and "web3", "DAOs", and "NFTs" being among the most trending pharses of 2021. Despite all of this news, I remain deeply optimistic about CoinShares' future and it is now just a matter of remaining resilient as we continue to execute our ambitious plans.

2021 was an exceptional year for CoinShares. It was inspirational to see how a combination of the hard work, ingenuity and commitment of our employees, the trust of our customers, and the support of our shareholders translated into such strong results. In the fiscal year 2021, we delivered over £113 million in total comprehensive income, up over 500% percent year-on-year. I must, however, acknowledge that our exceptional performance has not yet converted into shareholder value. In addition to the drag of the present global macro environment, which has disproportionately impacted the digital asset and wider tech sectors, we are also suffering from a lack of daily liquidity in our stock. While these problems cannot be dealt with overnight, the team and I continue to work hard towards our first milestone, uplisting from Stockholm Nasdaq First North to the segment with the highest level of regulatory standards; Nasdaq Stockholm Main Market.

2021, a year of consolidation, expansion and projection

At the end of 2021, CoinShares had net assets of over £200 million. Over the course of this year the total volume traded by Coinshares Capital Markets quadrupled to $31 billion, demonstrating our ever-increasing technical capacity. The Group's Asset Management platform completed its geographical expansion and prepared its product diversification for 2022. Our pursuit of excellence was recognized externally when we received the award for the best Bitcoin ETP issuer at the Annual ETF Express Awards.

Now, to pave the way for the CoinShares of tomorrow, in 2021 we made a strategic investment in FlowBank, the online bank headquartered in Geneva, Switzerland. FlowBank plays several roles in CoinShares' strategy. By leveraging our liquidity provisioning API (application programming interface) features, FlowBank can seamlessly offer digital asset exposure to its client base. Beyond being a perfect use case for our technology platform, Galata, it allows us to partner with a Swiss regulated bank at the heart of Europe, making us even more unique in the digital asset landscape.

In a similar vein we completed the acquisition of the French FinTech firm, Napoleon Crypto ("Napoleon"), with a view to expanding CoinShares' services into the consumer market. This acquisition allows us to extend our offering into new consumer segments. By integrating engineering, product and marketing expertise, we can now address traditional hodlers, crypto traders and DeFi investors. These new growth drivers are the main catalysts for a cultural change at CoinShares. Radical product culture with a strong emphasis on customer experience will gradually permeate through the entire company.

2022, a year to build the leading investment tech company in the digital asset sector

Our peers provide access to digital assets without any demonstrable added value - we do much more, CoinShares' DNA has always been investment. Our mission is clear: it is to build the future of investing.

Currently, CoinShares is Galata's first and most demanding client. All our Capital Markets, and a good part of our Asset Management activities, are powered by Galata. Our 2021 growth is a testament to its robustness.

We plan to offer Galata as a fully-fledged and distinct product that can be distributed to fintechs, hedge funds, wealthtechs, and banks looking at offering further services to their clients. We aim to make Galata the best, most seamless and most reliable trading platform for institutions. In parallel, our ambitious plan for the consumer solutions business will rely on Galata's features and benefits to cater for retail investors through different services.

From struggle comes strength. Even pain can be a wonderful teacher.

Finally, and in the spirit of transparency with our shareholders, I am not willing to wait until the end of Q2 and our earnings call in early August to provide an update about the impact of the Terra Luna implosion on CoinShares.

As we have often noted, the trading activities of CoinShares Capital Markets do not take directional positions, so we were not exposed directly to the Luna price collapse. However, CoinShares Capital Markets is active in the DeFi space and, at the time of the Luna collapse was running a book, which carried exposure to UST, the Terra Stable Coin. Following the events of the last few weeks, we have booked an exceptional loss from our DeFi activities of £17m on liquidating our holding in UST. While this obviously impacts on the Group's performance for Q2, this loss has not had any impact on any of our additional Capital Markets activities, nor does it in any way impact upon the hedging and collateralisation of any of the Groups ETPs.

However, I would like to state that this is a humbling lesson for both myself and the team. Together with my co-founders and our team, we have built CoinShares from the ground to being Europe's longest established and biggest digital asset investment firm. As a firm, we have navigated successfully, and with agility, numerous hack attempts, market movements and other challenges. Our response to such an event is what defines us as a firm and as individuals, and in this case, we wasted no time in implementing a range of additional controls to better anticipate and mitigate future events.

I have always believed that success needs to be cultivated, otherwise it can be a fleeting and ephemeral state. This event is a battle scar that I will personally never forget. I, with the entire team, will continue to build upon our mission to provide the premier investment technology for the digital asset sector. 2022 will be a year of continued change for CoinShares. Our transformation into a product-centric organisation with a customer-centric culture will be my priority.

Jean-Marie Mognetti

CEO

STRATEGY

Digital asset investment with trust

Digital assets are changing how people think about everything from investments to ownership, to the future of the internet. It is clear digital assets have entered the mainstream, with their promise to digitise and decentralise ownership. To quote received wisdom: web 1 was about reading, web 2 was about reading and writing, web 3 is about reading, writing, and owning.

The digital asset revolution has been both the catalyst and the backbone of disruptive value creation paradigms. At CoinShares we are deeply convinced traditional financial services and infrastructure are not equipped to support those paradigm shifts. Because we have always been at the forefront of the digital asset revolution, we acknowledge the global transformation process that is taking place, that is why our corporate mission is to accelerate this generational shift by enabling digital asset access through best-in-class financial service technology. With this in mind, the CoinShares Group has developed a unique technology platform, Galata, to enable investment in digital assets that is efficient and trustworthy - the broader strategy for the development and commercialisation of Galata is explained further below.

CoinShares' strategy is based on three pillars. First, we must strengthen our foundations by continuing to innovate in our core businesses such as Asset Management and Capital Markets. The second pillar of this strategy is based on strategic partnerships and acquisitions, which allow us to grow and diversify through vertical and horizontal integrations. Finally, the third pillar is innovation and curiosity. These traits, which run throughout the whole organisation, are essential in our efforts to stay ahead of the competition and enable us to build the future of investing through our products.

Strengthening our foundations

2021 was crucial for our Asset Management business, with the establishment of CoinShares Physical giving us the platform we needed to explore the launch of a new range of products. While the competition was busy bringing as many products as possible to the market, prioritising speed and quantity over quality, we preferred to focus on designing new, better performing ETPs that were in line with our values of transparency and fairness.

Our focus has been on unlocking the capacity to launch products at scale which carry a component of technology and financial innovation. For instance, when it comes to staking rewards, we wanted to enable an elegant way to share a significant part of these with the underlying noteholders. We succeeded in this ambition and have managed to create products which are sharing a portion of the staking rewards with our customers on a daily basis. To this end, Staked Tezos, Staked Polkadot, Staked Cardano and Staked Solana, were launched in Q1 2022. It was clear to us that it was essential to give our customers the benefit of Proof-of-Stake technology, unlike our competitors. And it is because of our technology and expertise in digital assets that we have been able to offer unrivalled staking ETPs.

At the same time, in addition to being a year of innovation, 2021 was a year of expansion for the Asset Management business. The geographic expansion of the Group's Asset Management offerings has progressed, and we are in a position at the end of 2021 where we have access to all the key European exchanges who are open for digital asset business. Our XBT Provider and CoinShares Physical products are, as at the end of Q4, listed in Stockholm, Frankfurt, Stuttgart, Zurich, Paris, and Amsterdam and available to trade on most major investment platforms in those regions. Availability across German regional access points such as the multi-lateral trading facility (MTF) Gettex connect us to high-growth 'neobroker' partners like Scalable Capital.

After going live in Q1 2021 with a limited offering, CoinShares Physical received regulatory approval in Q4 to add to our main prospectus an extra 46 coins bringing the total to 50. Some of these have subsequently been launched following the year-end, and we plan to continue this roadmap of new products for the remainder of 2022.

An integrated strategy to develop new growth drivers

Because the digital asset sector is in constant flux, we are continually looking for new growth drivers for our shareholders. This second strategic pillar of our strategy is divided into two types of integration. On the one hand, horizontal integration by developing new access points to digital assets through the acquisition of Napoleon, a French start-up which developed a SaaS platform, NapBots, addressing digital asset traders on crypto exchanges such as Binance, FTX, Coinbase and so on. On the other hand, a more vertical integration through the acquisition of a material stake in FlowBank, a Swiss neobank addressing traders of more traditional assets like CFDs and Forex.

Napoleon becomes CoinShares Consumer Solutions

Napoleon was founded in 2016 as the first digital asset manager to be regulated in France by the Autorité des Marchés Financiers (AMF). However, they were early and didn't find the expected institutional interest. So, they pivoted their offering toward crypto native traders with NapBots and started building their business directly on digital asset exchanges like others build their businesses on Amazon or Facebook on Web 2.0. NapBots, which has reached more than 50,000 cumulative users between 2020 and 2021, simplifies crypto trading by offering all exchanges users access to advanced algorithms designed by professional quants. Users can connect NapBots to their preferred trading platform in a few clicks, where they are able to choose the trading strategies that suit them, and benefit from algorithms designed or curated by the CoinShares team of quants. NapBots is the only platform of its kind to offer easy access to strategies designed by real professionals with proven experience in crypto trading, rather than the complex marketplace offerings targeting advanced traders with bots designed by non-professional traders. CoinShares plans to relaunch NapBots in 2022 with an improved user experience and new trading strategies, with a view to expand its user base from France to Europe.

With the acquisition of Napoleon now complete, CoinShares can develop its Consumer Solutions business alongside its Asset Management and Capital Markets activities. With our suite of ETPs we already cater for traditional finance investors who want exposure to digital assets through their favourite interactive broker platforms. With CoinShares Consumer Solutions we intend to develop a range of products that cater for all investors in digital assets, from long term investors, through traders, to DeFi users. It is indeed critical to understand the diversity of investors in the digital asset market. They are not looking for the same financial performance, they do not have the same level of maturity in their use of digital assets and, above all, they use very different access points. At CoinShares we want to be able to address all of these needs either by distributing our technology platform, Galata, to specific third-party access points or by creating our own access points as we believe there are still business opportunities by leveraging our unique expertise. In summary, CoinShares' future growth will lie in its ability to develop unique services that are able to meet the needs of these new types of investors by creating our own access points or by distributing our technology to the fintechs and wealthtechs of today and tomorrow.

FlowBank as a strategic investment for CoinShares

In October 2021 CoinShares made a strategic investment of a 9.02% stake in FlowBank and in March 2022 CoinShares raised its stake to 29.3%. FlowBank is a Swiss neobank targeting non-professional traders, It was founded by Charles Henri Sabet in 2020 and is licensed by the Swiss Financial Market Supervisory Authority (FINMA). FlowBank's mission is to make trading more accessible to everyone by combining the highly developed technology of a fintech business with the security of a Swiss bank. It does so through intuitively-designed trading platforms, educational trading courses led by seasoned experts, and by offering highly competitive pricing across asset classes.

Our investment in FlowBank is part of both our horizontal and vertical integration strategy. By leveraging Galata, our proprietary trading platform, FlowBank is able to offer its users digital asset exposure. Until now FlowBank has offered its clients CoinShares' suite of ETPs, but as of April 2022, FlowBank's traders are now able to buy, sell, trade and actually own digital assets. We are thus strengthening our strategy with the retail audience by reaching out to traditional asset traders in several countries, as FlowBank accepts over 25 currencies.

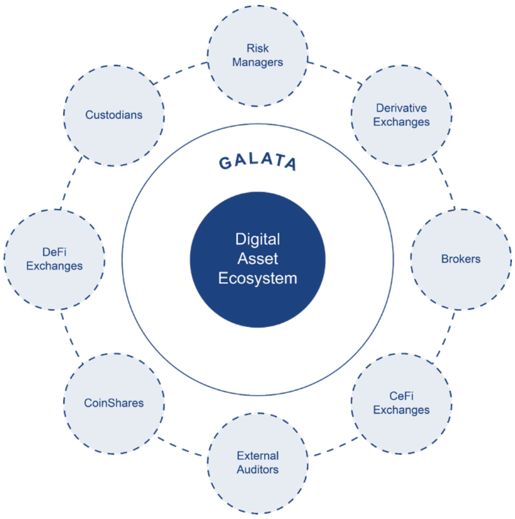
FlowBank also compliments CoinShares' full-scale strategy. Integrating FlowBank into CoinShares' framework will facilitate the distribution of Galata to financial firms that wish to offer their clients digital asset access or have direct exposure to digital assets. Because so few European banks are crypto-friendly, having access to FlowBank's banking licence provides CoinShares with a strategic vehicle to accelerate its development. The digital asset banking space enables many institutional digital asset traders and digital asset exchanges to more efficiently conduct transactions.

Staying ahead of the game to build the future of investing

Among the buzzwords of the year 2021 such as NFT or web3, DeFi is probably the one that has generated the most interest from the traditional financial world. DeFi stands for decentralised finance, which consists of the replication of products and strategies existing in centralised finance but on decentralised protocols, Ethereum being the protocol most used by the "degens", the DeFi investors. We have always sought to innovate and understand the depths of the digital asset world. It is because we will always position ourselves as a pioneer in this space that we will succeed in innovating, i.e. designing products that are accessible to all, that leverage these new protocols and developing new growth strategies for the company.

In this perspective, the year 2021 was strategic as we set up a team of experts in decentralised finance. After conducting detailed financial and technology research, this team developed advanced DeFi strategies that allowed us to take exposure to DeFi protocols via stablecoins and generate a significant yield within our defined risk parameters. As noted in the message from the CEO, this has not been without incident, but we remain committed to exploring opportunities within the DeFi space as it continues to mature. We are currently working with KYC/AML-featured DeFi lending-borrowing platforms such as Maple Finance, True Finance and AAVE Arc to deploy our strategies. In the same perspective, the acquisition of Napoleon Crypto allows us to accelerate our strategy on DeFi since the company already has a solid team of Solidity developers and experts in decentralised finance. In the coming weeks we will launch a fully decentralised asset manager, in a few clicks users will be able to delegate their crypto into vaults carrying specific investment strategies, and users will share the vault's performance fees with the other token holders. We are therefore continuing our strategy by multiplying the access points to digital assets with different products that address different retail investors.

Galata, the nexus of CoinShares' development



Since our inception, we have wanted to bring together the traditional and digital asset markets, which is why we decided in 2014 to develop Galata, an institutional-grade, first class digital asset native trading platform. Galata is vital to deploy our strategy, accelerate our product development plans and achieve our financial ambitions. Named after the famous Istanbul bridge that links the West and the East, Galata, acts as a bridge between traditional finance and decentralised finance. In addition it links different exchange platforms and different services that are today crucial to the success of our Capital Markets and Asset Management businesses.

Built by seasoned traders and financial professionals whose digital asset experience dates back to 2013, Galata is connected to several risk management tools, to more than 32 CeFi or DeFi trading exchanges, to 20 cash markets, to 6 brokers and to 8 derivatives markets. Galata is the nerve centre of CoinShares, it acts as the operating system of the organisation enabling the proper execution of orders, our investment strategies, and our product distribution. Our suite of products is built on this core technology layer which is the bedrock of a thriving future.

Today, in addition to providing liquidity to the markets, more than 200 trading algorithms run in real time on Galata, and more than 100,000 trades are executed each day. In 2021, over $31 billion was traded through Galata. The robustness of our platform has been proven, and the data it manages, monitors and produces is a real goldmine to improve and build strategies.

Because we have succeeded in creating a unique, robust technology that can be easily implemented by third-party financial services, we aim to start transforming Galata into a marketable trading platform in 2022 through a Platform as a Service revenue model. This product is aimed at any financial services firms who want exposure to digital assets for themselves or their clients.

SUMMARY OF 2021 FINANCIAL PERFORMANCE

Selected financial information derived from the audited consolidated financial statements of the Group is disclosed below. The full-form audited financial statements, including notes and as prepared under IFRS are included within section 8 of the annual report.

Please note that the alternative presentation of the statement of comprehensive income (SOCI) on page 72 (which is summarised within this section) is designed to reflect the performance of the Group if gains on digital assets were taken through profit and loss at fair value, rather than through Other Comprehensive Income.

The Directors believe the Group's alternative statement of comprehensive income and other alternative performance measures provide a more representative fair view for investors when evaluating the performance of the Group than the financial statements presented in accordance with IFRS alone. It is noted that the Group's total comprehensive income remains consistent with IFRS under this presentation methodology.

Summary Statement of Comprehensive Income

	Year ended 31 December 2021 £	**Year ended 31 December 2020 £**
Revenue	**80,754,813**	**18,389,413**
Administrative expenses	(32,059,260)	(14,319,582)
Loss on financial instruments	(2,483,773,256)	(1,398,436,049)
Other operating income	14,665,375	607,035
Operating profit	**(2,420,412,328)**	**(1,393,759,183)**
Gain/(loss) on investments/JVs	5,287,123	1,105,669
Net finance income	3,859,852	2,581,764
Taxation	(1,056,353)	(401,363)
Profit/(loss) after taxation	**(2,412,321,706)**	**(1,390,473,113)**
Other comprehensive income	2,525,765,144	1,409,029,514
Total comprehensive income for the year	**113,443,438**	**18,556,401**

Summary Alternative Statement of Comprehensive Income

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Revenue	**80,754,813**	**18,389,413**
Administrative expenses	(32,059,260)	(14,319,582)
Gain on financial instruments & digital assets	38,049,937	12,435,691
Other operating income	14,665,375	607,035
Operating profit	**101,410,865**	**17,112,557**
Gain/(loss) on investments/JVs	5,287,123	1,105,669
Net finance income	3,859,852	2,581,764
Taxation	(1,056,353)	(401,363)
Profit/(loss) after taxation	**109,501,487**	**20,444,950**
Exchange differences on translation of foreign operations	1,756,423	(1,888,549)
Fair value gain on investments/financial instruments	2,185,528	46,323
Total comprehensive income for the year	**113,443,438**	**18,556,401**

Revenue generated by the Group for year ended 31 December 2021 of £80.7 million (2020: £18.4 million), predominantly comprises management fees on the Group's various ETPs, issued by XBT Provider and CoinShares Digital Securities Limited. The year-on-year increase has been driven predominantly by digital asset prices reaching all-time highs in April and yet again in November, supplemented by new products and offset by outflows seen in XBT Provider.

Net gains on financial instruments and digital assets, together with other operating income are predominantly driven by the Group's Capital Markets activities. Gains and income generated over the year was in excess of £61.2 million, compared to £16.8 million for the full year ended December 2020. This amount was generated over a range of activities which resulted in a combination of fair value gains on digital assets, other income, finance income and realised gains.

Expenses for the Group increased significantly during the year, driven by an increased staff base (rising from 42 to 80 over the year), higher custody fees due to higher AuM, increased trading fees due to an increase in trading volumes, and a variety of additional costs relating to ongoing improvements to the Group.

The Group's Principal Investment portfolio, which comprises both equity holdings and digital assets, generated fair value gains over 2021 totalling £9.9 million, with the number of individual holdings within the portfolio increasing significantly over the year following investment capital of approximately £13.7 million being deployed.

Total comprehensive income for the Group for the year ended 31 December 2021 was £113.4 million, an increase of over 500% on the Group's 2020 performance.

Summary Balance Sheet

	As at 31 December 2021 £	As at 31 December 2020 £
Assets		
Investments	23,689,517	3,592,402
Other non-current assets	22,799,714	1,808,372
Total non-current assets	**46,489,231**	**5,400,774**
Digital assets	2,761,629,509	1,826,694,524
Trade and other receivables	1,182,391,016	128,751,639
Cash at bank	10,775,650	2,265,817
Total current assets	**3,954,796,175**	**1,957,711,980**
Total assets	**4,001,285,406**	**1,963,112,754**
Liabilities		
Trade payables and other liabilities	(3,505,885,786)	(1,793,278,509)
Amounts due to brokers	(292,706,977)	(112,120,817)
Current tax liabilities	(2,578,333)	(397,690)
Total current liabilities	**(3,801,171,096)**	**(1,905,797,016)**
Lease liabilities	(101,157)	(791,784)
Total non-current liabilities	**(101,157)**	**(791,784)**
Net assets	**200,013,153**	**56,523,954**

The net asset position of the Group increased over 250% to £200.0 million over 2021 (as at 31 December 2020, £56.5 million). This increase is driven by the impact of total comprehensive income for the year, the funds raised on IPO, and also recognition of intangible assets and goodwill following the acquisitions of Elwood Asset Management Services Limited & Napoleon, as announced in July and December respectively.

ETP AUM for the Group as at 31 December 2021 of over £3.3 billion, showing an increase of 94% over the twelve month period (as at 31 December 2020, £1.7 billion). The rise in the Group's ETP AUM over 2021, as with management fees, was driven predominantly by price appreciation of the digital assets referenced by the Group's products over 2021, coupled with the impact of net flows.

Total assets held by the Group as at 31 December 2021 of approximately £4.0 billion, showing an increase of approximately 103% over the twelve month period (as at 31 December 2020, £1.96 billion).

Cash at bank increased over the year to £10.8 million driven by overall performance, IPO proceeds and XBT redemptions, offset by Group expenditure, investments, acquisitions and the deployment of cash into the Group's Capital Markets activities.

Composition of the balance sheet has remained largely consistent throughout 2021, with the majority of assets represented by digital asset holdings and exposure, and liabilities represented by amounts owing to holders of the Group's ETPs and amounts due to brokers. The exposure to digital assets used to hedge the Group's liabilities is predominantly a combination of physical digital asset holdings and a range of non-leveraged, digital-asset backed financial instruments (which are disclosed on the Group's balance sheet within trade and other receivables). Non-current liabilities are solely represented by lease liabilities which, as at year end 2021, were minimal as the London lease was reaching expiry prior to the move to a new premises which was successfully completed in Q1 2022.

Adjusted EBITDA

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Asset Management Revenue	80,395,418	18,354,849
Capital Markets Gains/Income	61,234,942	16,853,787
Principal Investment Gains	9,920,338	1,168,257
Consumer Platform Revenue	297,312	-
Total revenue gains and other income	**151,848,010**	**36,376,893**
Direct costs	(7,138,097)	(2,182,058)
Administrative expenses	(23,651,134)	(11,488,790)
Adjusted EBITDA	**121,058,779**	**22,706,045**
Adjusted EBITDA (%)	*80%*	*62%*
Depreciation/Amortisation	(1,270,029)	(648,734)
Adjusted EBIT	**119,788,750**	**22,057,311**
Finance costs	(7,045,382)	(1,210,998)
Currency translation differences	1,756,423	(1,888,549)
Taxation	(1,056,353)	(401,363)
Total comprehensive income	**113,443,438**	**18,556,401**

The Adjusted EBITDA of the Group for the year ended 31 December 2021 was £121.1 million (2020: £22.7 million). The Adjusted EBITDA margin of 80% has also shown a significant increase when compared to 2020 performance (62% for the year). The increased level of management fees, trading income and gains & investment gains do not have a proportional impact upon the relatively fixed cost base of the Group, thus allowing for improved margins. Adjusted EBIT of the Group for the year ended 31 December 2021 of £119.8 million (2020: £22.1 million).

The alternative performance measures shown in the Adjusted EBITDA table above are disclosed below.

Adjusted EBITDA	The Group's Earnings, before finance costs, taxation, depreciation, amortisation and other movements through OCI
Adjusted EBIT	The Group's Earnings, before finance costs, taxation, and other movements through OCI
Revenue, Gains & Other Income	The combined (i) revenue, (ii) investment gains, (ii) finance income, (iv) other income and (v) net fair value gains on digital assets and financial instruments generated by the Group Less administrative costs excluding depreciation and amortisation
Direct costs	Costs directly attributable to the activities undertaken by the various operating segments of the Group in order to generate gains/revenue/other income.
Asset Management Revenue	The revenue of the Group, generated by the XBT and CSDS ETP programmes
Principal Investment Gains	Together the movement in the fair value of the Group's investments, JVs and certain proprietary digital assets
Capital Markets Gains/ Income	Together, the Groups finance income, net fair value gains on digital assets and financial instruments and other income
Consumer Platform Revenue	The revenue of the Group generated by Napoleon.

COINSHARES ASSET MANAGEMENT

2021 OVERVIEW

2021 was a pivotal year for the Asset Management business. Its three distinct components (XBT Provider, CoinShares Physical and BLOCK Index) together combined to generate overall management fees of £80.4 million. By far the strongest year in the Group's history.

Moving into 2021, the digital asset industry was experiencing a bull market that exceeded many expectations. For the XBT Provider certificate holders, this resulted in substantial gains.

The year then saw all-time highs for crypto, which brought with them a number of advantageous exit points for many existing XBT certificate holders, which in turn resulted in substantial net outflows, a trend that was experienced over the remainder of the year. Despite these outflows, the underlying number of XBT holders increased steadily over the year; these new investors entered the market with a view to realising gains at a future date in same was as many of those who redeemed during the year had done.

The start of the year also saw the launch of our physically backed issuer, CoinShares Digital Securities, on XETRA, SIX & Euronext. Its product suite (CoinShares Physical) offers a product range structured to suit the needs and due diligence requirements of professional investors. This platform was developed over the year and has allowed us, moving into 2022, launch a range of innovative products with staking capabilities that are covered in more detail below.

At the halfway point in the year, the Asset Management business further diversified through the acquisition of Elwood Asset Management, bringing the now named BLOCK Index under the CoinShares umbrella. This marked the Group's first step into products other than ETPs referencing digital assets, broadening our offering to encompass exposure to listed equities within the space. This acquisition, which brought with it steady monthly revenues and some very talented individuals has been an valuable addition to the Group.

Across all Asset Management activities, our experienced team has developed and matured across all functions, from operations to product development to distribution, making substantial improvements in performance, operational efficiency and transparency, the benefits of which we began to enjoy in 2021 and continue to enjoy in 2022.

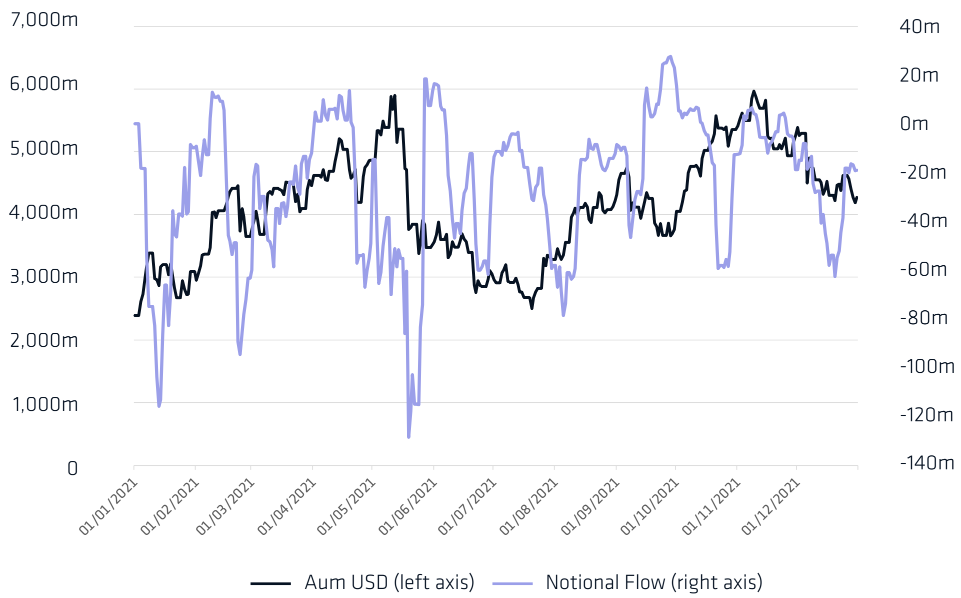
As we move into 2022, we remain well positioned across European markets with XBT Provider offering a stable, highly liquid, well performing product set for investors based in Nordic countries, while CSDS continues to roll out innovative products and cement its accessibility across all European markets and investor segments.

XBT PROVIDER

Assets in XBT Provider bottomed on 16 March 2020 at $332 million. By 1 January 2021, assets stood at $2.3 billion, this figure increased over 2021, ending the year at $4.3 billion.

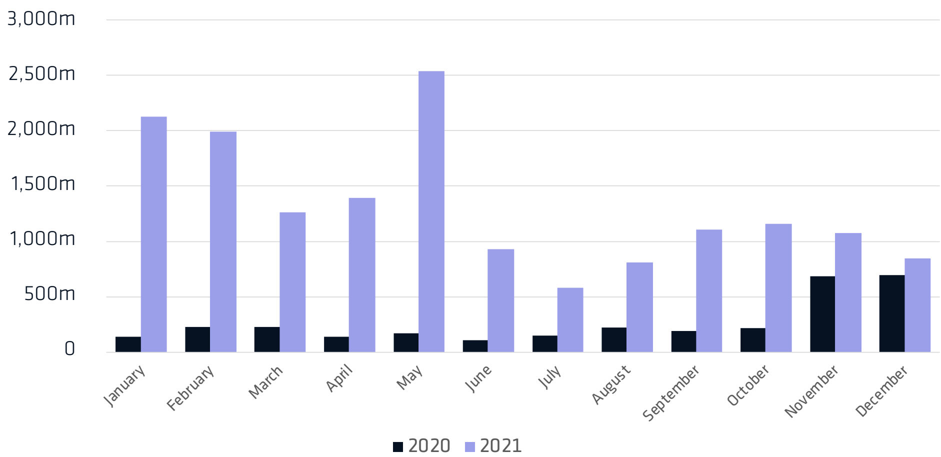
As at the start of 2021, XBT Provider was the only issuer of digital asset ETPs with a well-established customer-base and track record. Certain holders were sitting on multi-year positions, some of which had generated 10x returns. As a result, many investors reacted to the price action of 2021 by taking profits. On a net basis, circa 20% of XBT assets left in the first two quarters of 2021.

GRAPH 1 – **XBT Flows & AUM over 2021**



Notional trading volumes exploded, commensurate with the price rise and overall selling activity.

GRAPH 2 – **YoY XBT Trading Volumes (2021 vs 2020)**



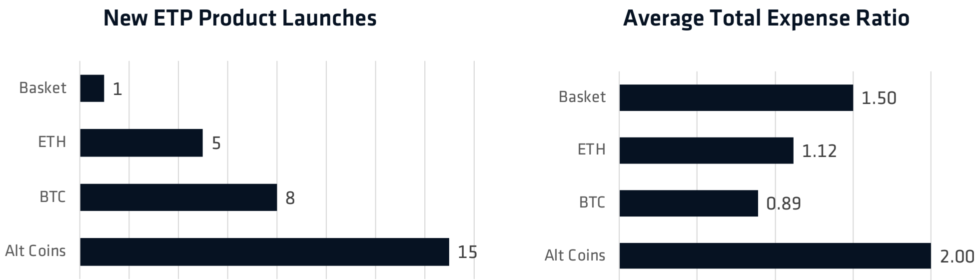
Professional clients, as a segment, drove net outflows. Assets which we have identified as private client holdings had high levels of buying and selling, but across geographies, buyers largely equalled sellers.

We credit both the loss of professional investors and the relative strength of private client investors to three factors:

1. preference for fund size amongst private client investors
2. strength of XBT Provider/CoinShares brand in our core markets
3. more immediate consideration to competitors given by professional clients

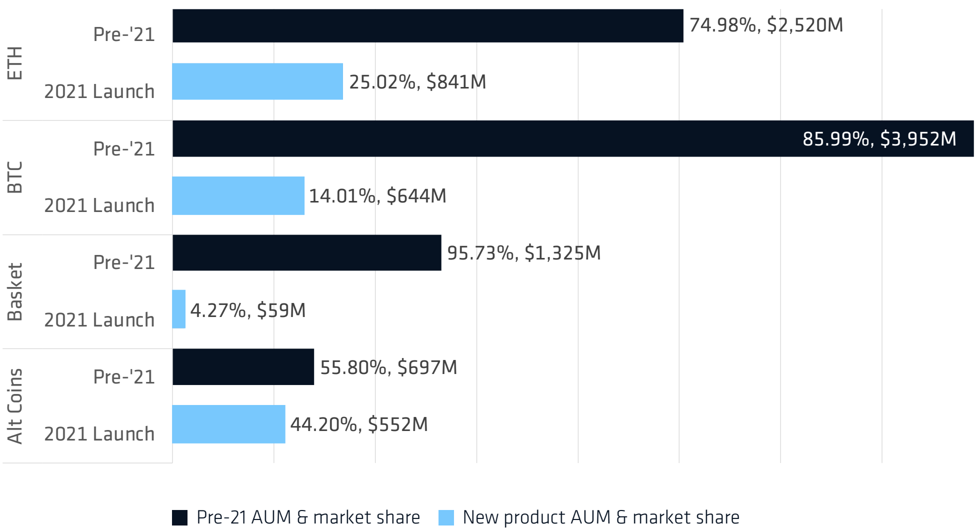
This brings us to the principal development in 2021: the proliferation of European listed products offering beta exposure to crypto currencies, generally in physically backed ETP form. This too comes as no surprise to CoinShares, in a market that has 23 delta one physically backed Gold ETPs across 10 providers, that a time would come with 5 or more Bitcoin products competing for European investor money.

GRAPH 3 – **2021 European Digital Asset ETP Product Launches**

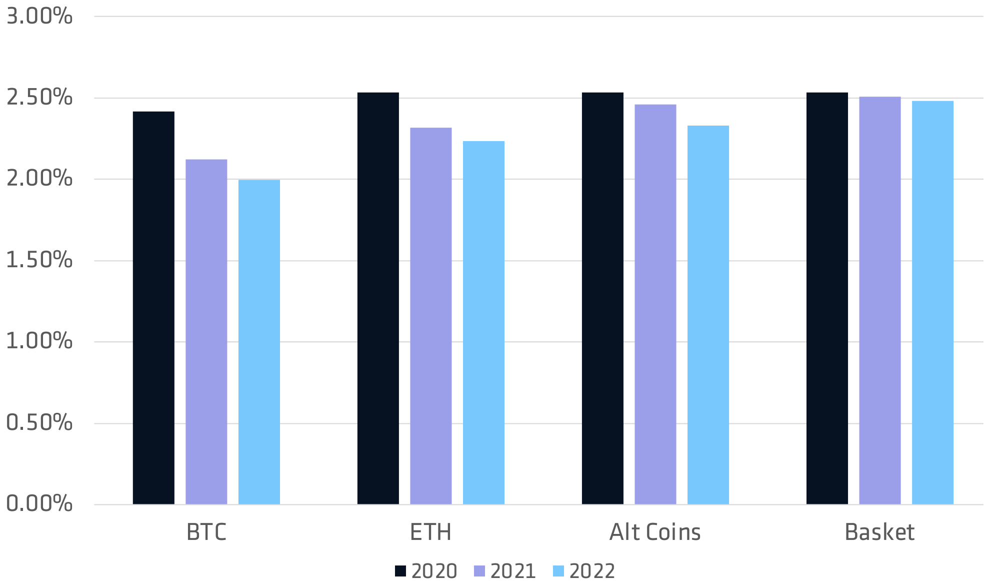


2021 saw eight new BTC trackers enter the market and five new ETH trackers. These products were largely launched at lower price points than incumbents, however price alone has not allowed a large shift of assets within the year.

GRAPH 4 – **December 2021 European Digital Asset ETP Market Share – 2021 product launches vs. legacy products**



GRAPH 5 – **Digital Asset ETPs – Asset Weighted Total Expense Ratio (2020-2022 ytd)**



COINSHARES PHYSICAL

While CoinShares could not predict that both Bitcoin and Ethereum would appreciate quite as rapidly as they did in 2021, we did anticipate the underlying change in noteholder behaviour, the increase in competition and our need for an issuer of fully collateralised (rather than hedged) digital asset ETPs. Our 2019/2020 initiative to bring in a new team to guide the asset management business going forward was a direct result of our understanding of these market trends.

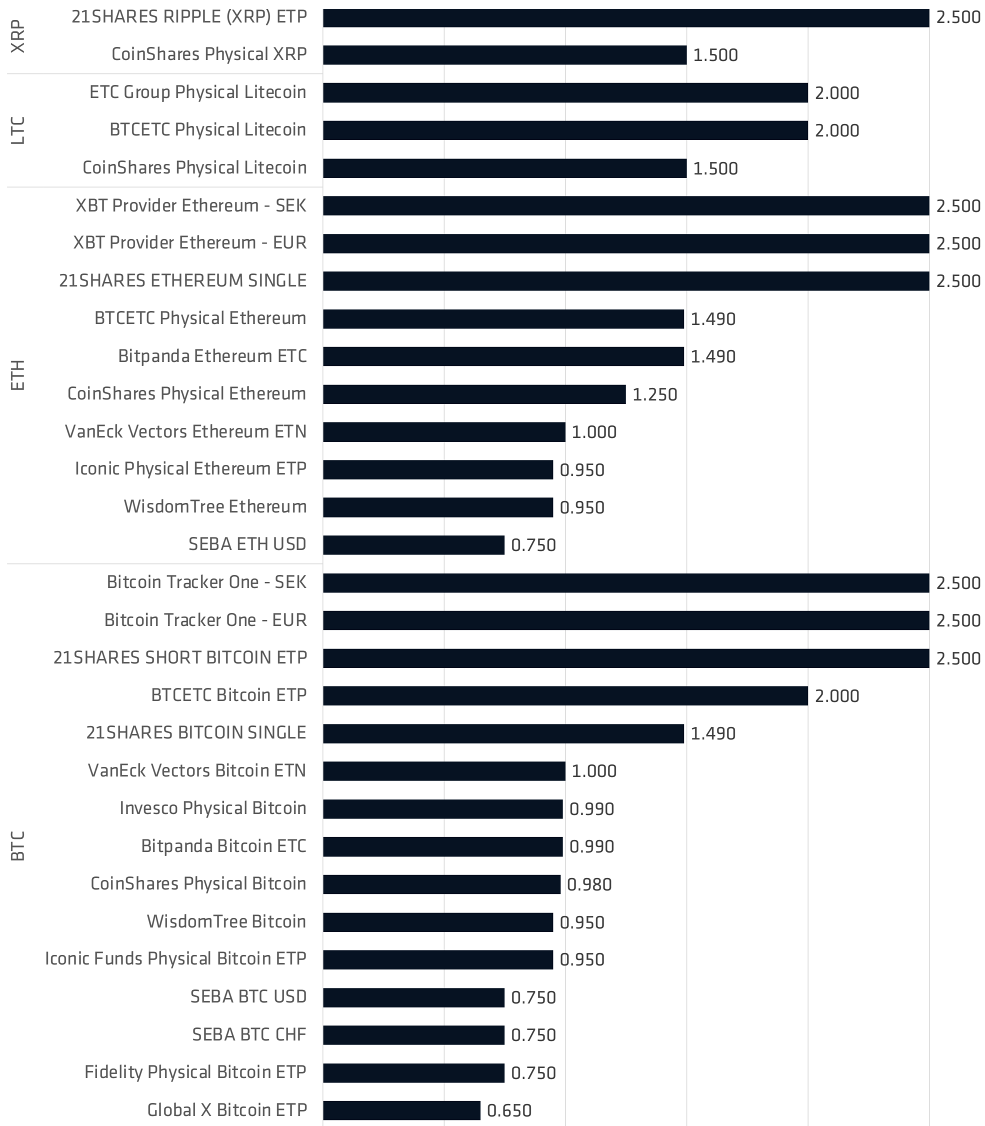
It is into a market of increasing competition and professional investor focus on product structure that CoinShares has launched the CS Physical line of ETPs. The platform has a two-pronged strategy:

- Offer the best-of-breed product structure, in a large and liquid ETP wrapper, at a competitive price providing CoinShares with both the mature product line in the market (XBT Provider) and the principal challenger competition to the second wave of access products (21Shares, HANETF);

- Offer innovative products to access investment exposures and investment theses which are structurally superior to the competition.

To achieve this we have launched in 2021 four products in meaningful size with competitive total expense ratios (TERs).

GRAPH 6 – **CSDS Competitors & Product Fees (%)**



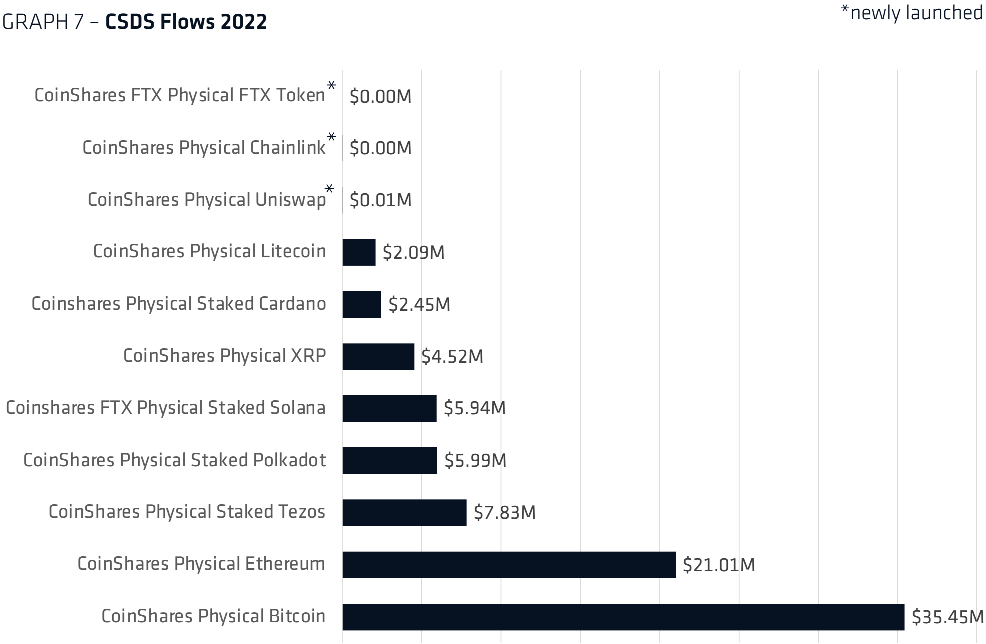
BITC, our Physical Bitcoin product launched on 19 January 2021 and by the end of the year had fee-paying AUM of £97.6 million. ETHE, our Physical Ethereum product launched five weeks later and by the end of the year had fee-paying AUM of £48.6 million.

2022 OUTLOOK & NEW PRODUCTS

Two themes we have highlighted in 2021 have, thus far, continued into 2022:

- In XBT, retail purchasing has remained strong while a few larger professional and private clients have divested, generating overall outflows of $341 million.
- For CoinShares Physical, we have enjoyed substantial initial success in the Staking product line (see below), having launched Solana, Tezos, Polkadot, Cardano and generated $21 million of flows in addition to over $63 million of flows from the non-staked products post year end.

GRAPH 7 – **CSDS Flows 2022**



STAKING

Proof of stake blockchains (e.g. Solana, Polkadot) work differently to proof of work blockchains like Bitcoin. In simple terms, adding new blocks to these blockchains requires existing holders to 'stake' (commit not to sell) their cryptocurrency. In return for staking, they are rewarded with cryptocurrency from that same blockchain.

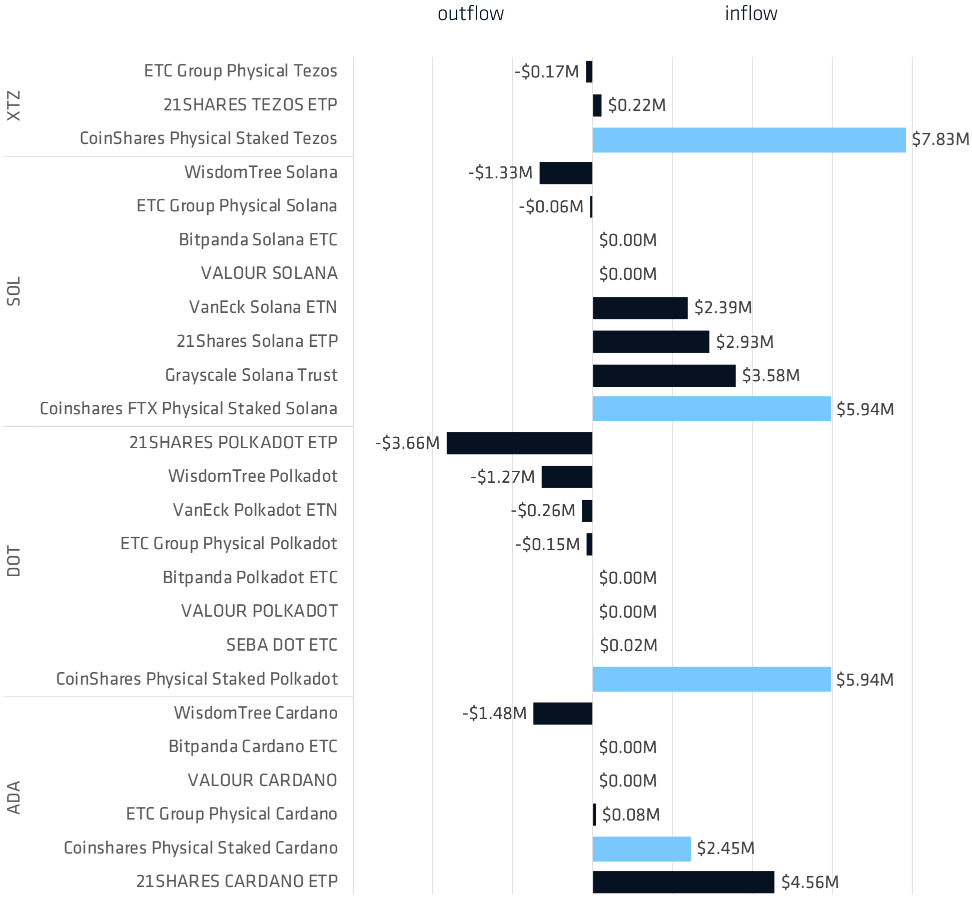
In 2021, we began development of our product suite of single coin staked ETPs where we have uniquely solved operational and legal issues with providing investors with the return which is available on proof-of-stake networks. This suite launched in early 2022 and is showing promising inflows.

Our Staked ETPs are built to allow the Issuer to share staking rewards with investors in two simple ways:

- The Issuer can reduce the management fee;
- The Issuer can also increase the Coin Entitlement of the ETP each day, as staking awards accrue.

Initial evidence suggests we were right to take the time and resource to build a superior structure for proof of stake protocols:

GRAPH 8 – **CoinShares Staked ETP Flows vs Unstaked Competitor Flows (2022)**



We believe latent demand in Europe for crypto asset investment exposures remains substantial. At the end of 2021, overall flows into European products stood at $2.15 billion. We believe that the next 18 months could see significant further growth.

We believe that within the single coin ETP space, there is increasing liquidity and increasing investor interest in the top three products offering a given exposure. We believe we are well positioned with XBT Provider and CS Physical to have one or more CoinShares products in that set across a range of exposures.

Our focus remains on developing products that address investor needs, providing the ease of implementation and, where possible, our unique IP to allow both professional investors and private clients to participate in the growth of digital assets.

In distribution, our focus on quality client coverage and support continues with an expanding sales team. At the same time, we have a clear focus on driving consideration for CoinShares product across all European investor segments.

COINSHARES CAPITAL MARKETS

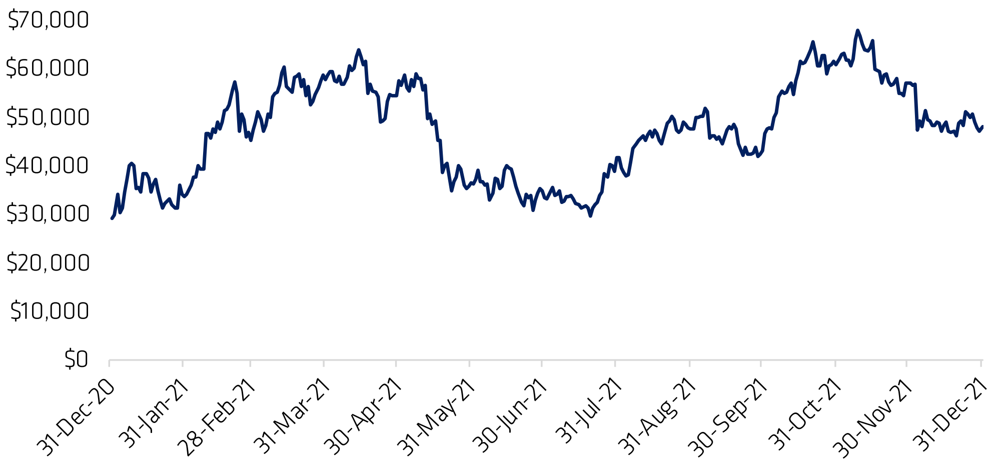
2021 OVERVIEW

2021 was a record year for bitcoin's price, starting close to $29,000 and ending 60% higher at $47,000. Bitcoin once again saw a considerable outperformance versus the majority of asset classes with the US stock market gaining 27% and a lacklustre performance for gold.

Bitcoin's ascendancy was far from a gentle ride, however. The price rallied strongly in the first few months reaching a new all-time high of $64,000 by the end of April. In mid-May, the market experienced extreme volatility and the price of Bitcoin halved to less than $30,000.

As concerns over inflation began to permeate into mainstream news outlets, the market recovered from August to reach a second all-time high at around $67,000 in November.

GRAPH 9 – **BTC-USD 2021**



2021 PERFORMANCE

2021 was an exceptional year overall for CoinShares Capital Markets. The combination of a bull market, high volumes and volatility provided the perfect conditions for our business to thrive. Our delta neutral trading strategies were able to extract maximum alpha without taking directional risks, and we began to lay the foundation for expanding our efforts in decentralised finance ("DeFi") in preparation for the possibility of market conditions less favourable for our existing strategies.

The breakdown of the trading income and gains for the year (with 2020 comparatives) is disclosed below:

	2021		2020	
	Income/gain (£)	**% of total**	**Income/gain (£)**	**% of total**
Liquidity provisioning	**13,819,969**	**22%**	4,151,087	25%
Delta neutral strategies	**27,166,837**	**44%**	7,606,748	45%
Fixed income activities	**10,904,601**	**17%**	3,792,762	23%
DeFi	**3,587,052**	**6%**	-	0%
Other	**6,648,962**	**11%**	1,284,891	7%
	62,127,421	**100%**	16,835,488	100%

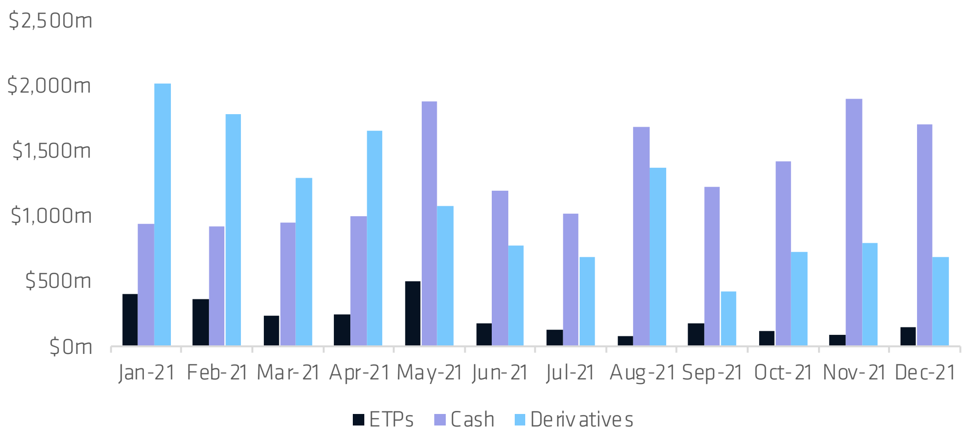
In generating these results, even during the extreme market volatility that we experienced in May 2021, the team continued to support the Group's XBT Provider ETPs across the market without interruptions. Unlike several of our competitors, who were forced to stop trading for a few hours on the 19th of May, our resilient trading infrastructure and algorithms continued to provide reliable and uninterrupted liquidity for our clients throughout.

2021 was a record year for the digital asset ecosystem as a whole, not just for Bitcoin and Ethereum. Most notably, it saw the rise of two prominent layer 1 protocols, Solana and Avalanche in direct competition with Ethereum as a smart contract platform. The price performance has been stellar with Solana's price multiplied by close to one hundred times over whilst the Avalanche price was multiplied by 31. These new protocols benefited from lower fees and the ascent of cross-chain bridges enabling the transfer of liquidity from one chain to another.

CSCM TRADING VOLUMES (USD)

The total notional volume traded by Coinshares Capital Markets in 2021 quadrupled over the course of the year, totalling $31 billion (2020: $7.8 billion and 2019: $2.3 Billion).

GRAPH 10 – **CSCM TRADING VOLUME (2021)**



The high level of activity executed by the CoinShares Capital Markets team is another demonstration of our ever-increasing technical capacity.

2022 OUTLOOK

After an exceptional year in 2021, the landscape has shifted considerably moving into 2022. The economic recovery after two years of life under the pandemic is being hampered by inflationary pressure and record commodity prices. More recently, the tensions in Europe with the war in Ukraine have put an additional strain on international markets and muted risk appetite. Additionally, certain specific events thus far in 2022 have had a significant impact on the digital asset industry. The most notable of these is of course the recent de-pegging of UST and resultant failure of LUNA. While such issues tend to be related to a small number of digital assets, the impact on the broader industry is also apparent, triggering regulatory mood changes and knocking confidence in existing and prospective market participants alike. Such events, as noted in the CEO letter, can also of course impact the performance of CoinShares.

However, in these challenging conditions, the CoinShares Capital Markets team continues its effort in quantitative research to improve our execution and develop new strategies as we adapt to an ever-changing market. The sector attracts more and more institutional interest, human capital and hence more competition, pushing yields down in liquid markets such as futures.

We continue to invest in our market infrastructure to remain competitive and provide our clients with improved liquidity and products, through the continued development and refinement of Galata. We will merge our different technological stacks to create a suite of products that will evidence our expertise, with more than 8 years of experience in the cryptocurrency market.

2021 was an exceptional year in terms of results. Thus far in 2022, we have continued to develop, test and refine our trading strategies during tricky market conditions to ensure that we are well positioned for a resumption of more favourable trading conditions once the identified macro headwinds begin to wane. We continue to develop deep relationships with our trading counterparties and enhance our internal tech and team to withstand whatever market conditions we are faced with as we cement our position as Europe's leading digital asset firm.

INDUSTRY & MARKET - A SYNTHESIS OF 2021

BITCOIN 2021 RECAP

2021 was another eventful year for Bitcoin. It onboarded more users than any previous year, weathered a geographical shift of more than half of its hashrate, became part of the national monetary infrastructure of the first sovereign nation, made its way onto the balance sheets of major US corporations, released its most sweeping software update since 2017, and settled a total value of $4.67 trillion.

As expansionary monetary policies continued around the world, Bitcoin especially has been seen as a hedge against inflation but has also demonstrated itself as a powerful tool of diversification for investors.

While not perfect proxies for bitcoin usage, the number of blockchain.com wallet users and unique users of the Coinbase exchange grew from 98m at the end of 2020, to 153m at the end of 2021. This marked a 56% increase in users, compared to 31% in 2020.

Simultaneously, El Salvador announced the introduction of bitcoin as legal tender, marking the first sovereign adoption of the Bitcoin Network, and notably, its Lightning Network second layer, as national currency infrastructure. This bold move set a precedent that has been followed with interest by numerous developing nations and with concern by prominent international organisations like the World Bank.

In China, a sweeping ban on Bitcoin mining caused the hashrate to drop from a high of 166 EH/s in April of 2021, to a low of 96 EH/s as miners fled the CCP crackdown. This historically unprecedented drop did not cause a single second of network downtime, and hashrate had fully recovered and went on to make new all-time-highs of 174 EH/s before the end of the year.

However, while settlement value exploded over 2021, the block space utilisation rate fell significantly, causing average fees per transaction to drop from 35,831 sats in H1 2021 to 6,381 sats in H2 2021. While this drop has been attributed by some analysts to be a reduction in usage, we believe it is mainly due to the introduction of more efficient block space usage tools by very large users such as blockchain.com who interacts with Bitcoin on behalf of dozens of millions of users, and is probably the world's largest demand driver of Bitcoin block space.

The Taproot upgrade also activated on mainnet after years of development and testing, enabling greater privacy, transaction efficiency, as well as improved programmability and more intricate smart contracts.

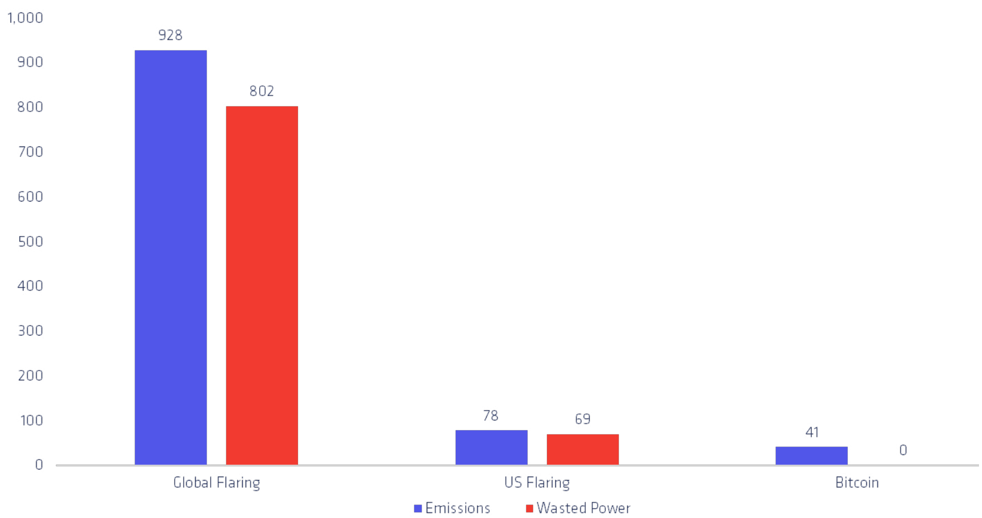
Finally, 2021 was the year bitcoin started making its way onto the balance sheets of major corporations. By the end of the year, more than 200,000 btc sat on the balance sheets of more than 20 publicly traded companies. Tesla, as an example, made the news when they disclosed buying Bitcoin to hold on their balance sheet and within treasury as a way to fight currency debasement.

BITCOIN IS A TOP TIER ESG ASSET

Bitcoin's energy usage and indirect environmental impact has always been a topic of discussion, however Bitcoin's use of energy is unavoidable if it is to deliver its purpose as an independent monetary system, and those benefiting from this service collectively pay for its energy spend.

While its usefulness is debated by outside parties, a closer look at Bitcoin quickly reveals its potential to assist in the transformation to a more renewable future by solving the outstanding load balancing issues of renewable grid architectures and harnessing otherwise untapped or curtailed energy sources, such as flared natural gas.

GRAPH 11 – **EMISSIONS (MtCO2e) AND POWER DRAW COMPARISON (TWh)**



Source: EIA, IEA, CoinShares, data available as of close 21 January 2022

While traditional investment vehicles are incapable of addressing societal issues that pertain to freedom, financial inclusion and human rights in the places where they are needed most, Bitcoin offers a unique way of addressing these concerns as a completely independent system where no privileged users can enrich themselves at the expense of others. Unlike traditional investments, Bitcoin does not require permission to operate and can be used by any global citizen wielding a smartphone, even against the explicit wishes of an authoritarian ruler. Interestingly, of the top 10 countries adopting cryptocurrency in 2021 (according to Chainalysis), only the United States, India, and Argentina are G20 nations.

2021 GLOBAL CRYPTOCURRENCY ADOPTION

Country	Adoption Rank	World GDP Rank
Vietnam	1	45
India	2	5
Pakistan	3	46
Ukraine	4	57
Kenya	5	61
Nigeria	6	27
Venezuela	7	75
United States	8	1
Togo	9	149
Argentina	10	26

Source: Chainalysis, IMF, UN, CoinShares Research

Bitcoin is an extremely conservative system that has a strong bias towards its existing rules. And when rules are changed, great care is taken to protect backwards compatibility, ensuring minimal disruption to existing business and individuals relying on the protocol. Its governance structure is such that several groups of network participants may effectively veto the changes suggested by others. This means that in the face of proposed changes, the existing rules prevail unless there is overwhelming support across its ecosystem – particularly from ordinary end users of the network – to enact the change.

Contrary to popular belief, Bitcoin ticks most boxes when it comes to ESG, particularly from a social and governance perspective. We are encouraged by, and actively engaged in environmental initiatives such as the Crypto Climate Accord.

REGULATORY LANDSCAPE

EU: MICA – There seems to have been quite a bit of confusion in the digital assets community recently about the proposals in the EU Parliament's draft legislative text for the proposed EU Markets in Crypto Assets regulation (also known as MiCA). The community was particularly concerned about language from the Green Party (supported by the Social Democrats) proposing a ban on proof of work protocols under MiCA.

Given that the proposals represented a possible de facto ban on proof of work protocols, it was never likely that the Parliament would adopt it for trilogue discussions or that it would have survived those discussions.

It’s expected the European parliament to finally move to trilogue discussions, where the European Parliament, Council and Commission meet to reconcile their various legislative proposals and reach some provisional consensus on a text acceptable to both the Council and the Parliament. Such a provisional agreement is expected to focus on sustainability (something that we at CoinShares work hard to improve) without resulting in a ban on proof of work protocols.

The United States – President Biden’s Executive Order was a big sigh of relief. As with the EU Parliament’s proposed draft, there was equal concern that the Biden administration’s long-awaited Executive Order (“Order”) might also contain harmful legislative proposals. And, as in the EU, the ultimate outcome was far from worrisome (some might say that in both cases, the concerns were always a bit overcooked).

President Biden’s most recent executive order did little more than inform the many federal agencies impacted by the rise of digital assets that they need to develop and implement strategies for policies and regulations. So we can expect a flurry of reports from the various federal agencies over the year. The Order was another meaningful step in the long and winding road towards regulatory transparency in the United States, even if it did re-affirm the US commitment to “responsible innovation” and “sovereign money remaining at the core of a well-functioning financial system.”

The UK: Where the real ban continues apace: Unfortunately, the UK remains the outlier among Western regulatory regimes, as it continues its push to effectively ban retail access to digital assets. This all started back in early 2020, when the FCA banned retail access to financial instruments that offer exposure to crypto. Not content with preventing people from accessing crypto via regulated instruments, the FCA and the Treasury appear to be coming up with plans to limit access to the underlying digital asset markets as well.

Although much of this seems uncertain given the recent CryptoSprint announcements. We have identified 3 key issues:

Issue 1: How should information relating to issuance of cryptoassets be disclosed to investors? Specifically:

- What eligibility criteria (if any) should exist for cryptoassets to be traded on a UK cryptoasset exchange? Who should determine and ensure compliance with such criteria?
- What information should be provided to potential buyers of cryptoassets? Who should provide this information, check its compliance and what form(s) should it take?
- At what stage (e.g. asset issuance/creation, admission to trading on a cryptoasset exchange/platform) and with what frequency (e.g. at specific events, on a continuous basis) should such information relating to a cryptoasset be disclosed/ published?

Issue 2: How do we identify (and test) where regulatory obligations on centralised and decentralised cryptoasset models should be placed? These should enable regulators to balance capturing relevant activity that poses a risk to UK consumers and markets now and as the sector evolves, whilst still enabling beneficial innovation.

Issue 3: What gaps need to be addressed in the UK's existing custody regulatory framework for custody of cryptoassets to help protect UK consumers and markets? Specifically:

- How do crypto custody business models differ from traditional custody models?
- How are clients' ownership rights of cryptoassets evidenced and protected, particularly in the event of a custodian or wallet provider going into an insolvency process?
- What safeguards should be introduced to help prevent misuse or loss of private keys, including over the use of hot and cold wallets?

The UK CryptoSprint initiative is an encouraging first step in the right direction but leaves a plethora of unanswered questions and consequent uncertainty.

WEB3 IS THE CONTINUATION ON FROM WEB2

Centralised servers onboarded billions of people into fast and secure online infrastructures that allowed people to socialise, work, play and transact in their day-to-day lives. These servers unilaterally decided what should and should not be allowed, and were closed-off to other systems, with a single-point-of-failure if something went wrong.

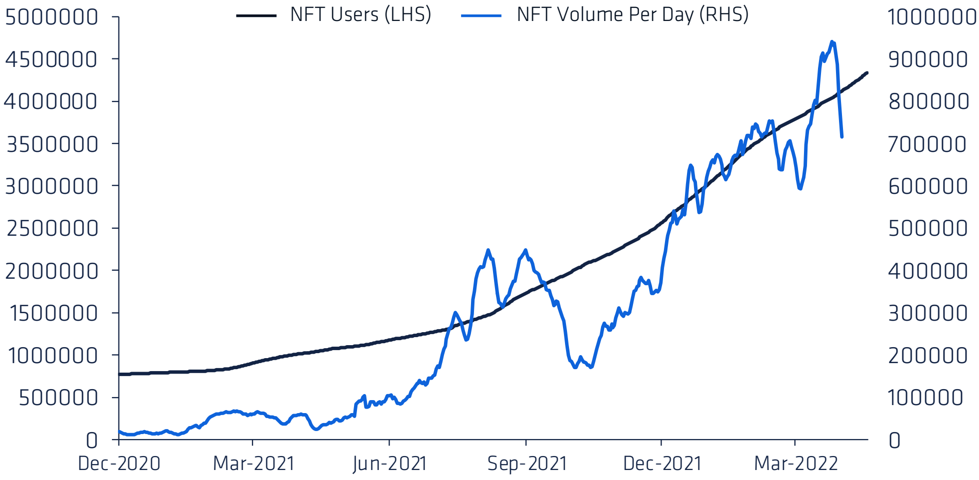
Web3 implementation will allow control of user data and remuneration being placed back into the hands of the user rather than large corporations. Embracing decentralisation, censorship resistance, trustlessness, ownership and without the need for a middle man.

Web3 is built upon revolutionary technology via blockchains and smart contracts optimisation, yet trading-off between decentralisation, security and speed - also known as the Blockchain Trilemma. Web3 is an amalgamation of various technologies within the crypto arena. Most notable of which are Layer 1 protocols, which provide the base layer and have varying degrees of censorship resistance, security, decentralisation and speed. Layer 2 protocols aim to scale the ecosystem with higher throughput and lower cost, although often at the detriment of lower decentralisation and security.

Other elemental components of Web3 are NFTs, DeFi and the Metaverse. NFTs are unique snapshots of a digital ledger used to prove ownership of identity, music, land, transactions and much more, not just the art we often associate them with. DeFi is a global, easily-accessible, open-source alternative to the current, slow, unfair financial system. While the Metaverse is a more personal, persistent and immersive experience that allows people to do everything they do in real life but in the virtual world.

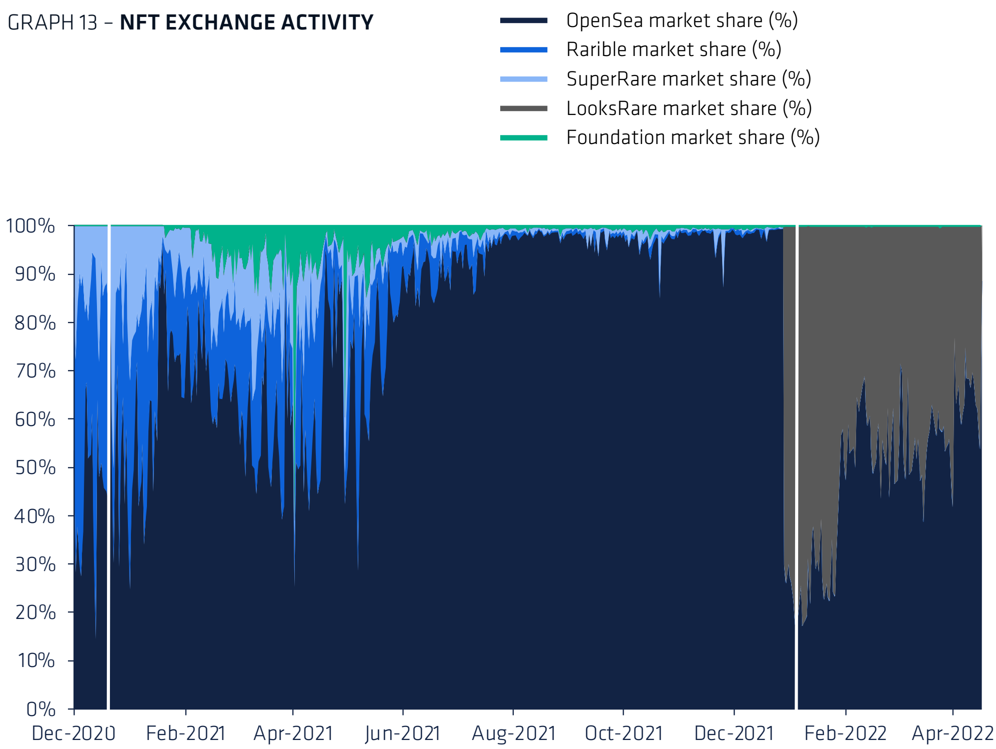
In 2021, the number of NFT users grew ~260% (x3.59) and the number of transactions grew ~1979% (x19). This volume mostly consolidated on OpenSea (46% to 99%) due to a larger variety of projects and having most of the blue-chip NFTs as well. Year-Over-Year OpenSea volume increased ~88959% (x890) from $174,374 to $155,271,435 during 2021. These figures highlight just how significant the NFT explosion into the crypto world was, and how it will help grow Web3 ecosystems.

GRAPH 12 – **GROWTH OF THE NFT MARKET**



Source: Dune, CoinShares, data available as of close 24 May 2022

GRAPH 13 – **NFT EXCHANGE ACTIVITY**



Source: Dune, CoinShares, data available as of close 03 May 2022

As the shift away from Traditional Finance to Web3 continues to absorb capital, utility and demand, CoinShares Research will observe how these ecosystems develop. Whether users and investors care more about throughput, scalability and cost; or decentralisation, censorship resistance and trustlessness, affecting how Web3 is shaped and the experiences we may encounter.

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DECENTRALISED FINANCE (DeFi) - CONTINUED GROWTH WITH ADVERSITY

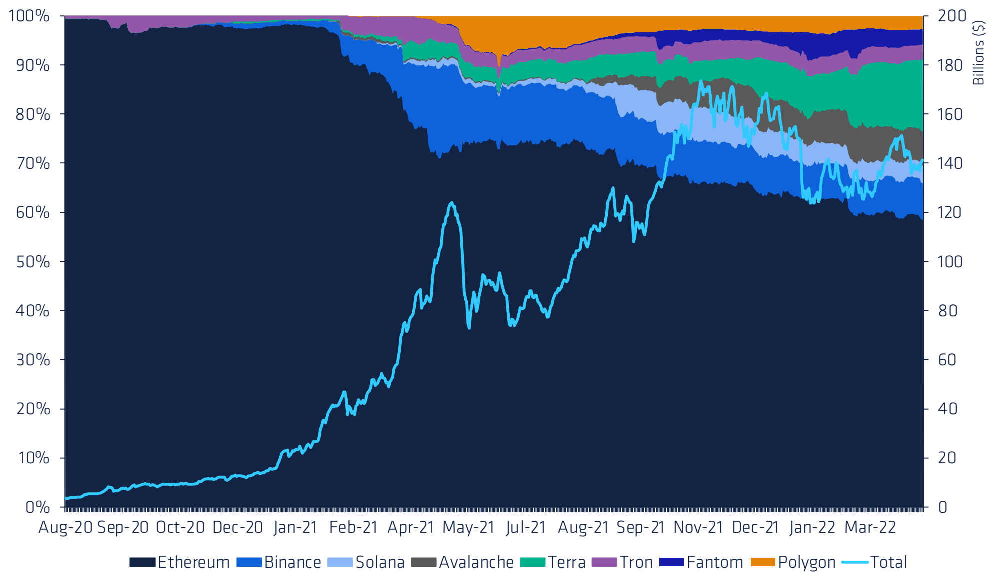
Decentralised finance strives to replicate financial services that are traditionally offered by institutions and intermediaries, but within cryptocurrency platforms using open protocols and sets of collaborators. Today, DeFi predominantly relies on smart contract platforms, or blockchains that make certain tradeoffs to offer flexible programming for application developers, often enabling them to perform any financial transaction that can be translated into computer code.

2021 was a great year for DeFI with TVL (the total value locked, a term in crypto parlance synonymous to assets under management, or AUM) skyrocketing from $18.6 billion to $235.5 billion over the 12 month-period. Suggesting both continued interest in crypto-native financial services and greater experimentation with the platforms by which they depend. Not to mention an estimated $3.7 billion in protocol revenue (up 1,600% YoY) and attracting over 3 million unique addresses onboard. Lastly, and arguably the most important, developer activity grew 200%, giving more strength to the term BUIDL.

The rise of alternative layer-1s was the most important narrative during 2021. After the successes and failures of Ethereum, Binance Smart Chain took off in Spring, revealing the size of the pent-up demand for cheaper, faster block space. Now, the competition is abundant among the block producers as users flocked to Polygon, Avalanche, Solana, Terra and others as incentive programs launched. We are in a multichain world, but can these chains exist harmoniously or will there be a few winners?

Incentive programs took many forms and approaches but when it came to which work best, it turns out that size matters. These programs distributed hundreds of millions of dollars in tokens to help incentivise liquidity, user activity and developer growth. In turn, this has brought in millions of users and thousands more dApps but the sustainability and fairness of these programs have been rightly questioned.

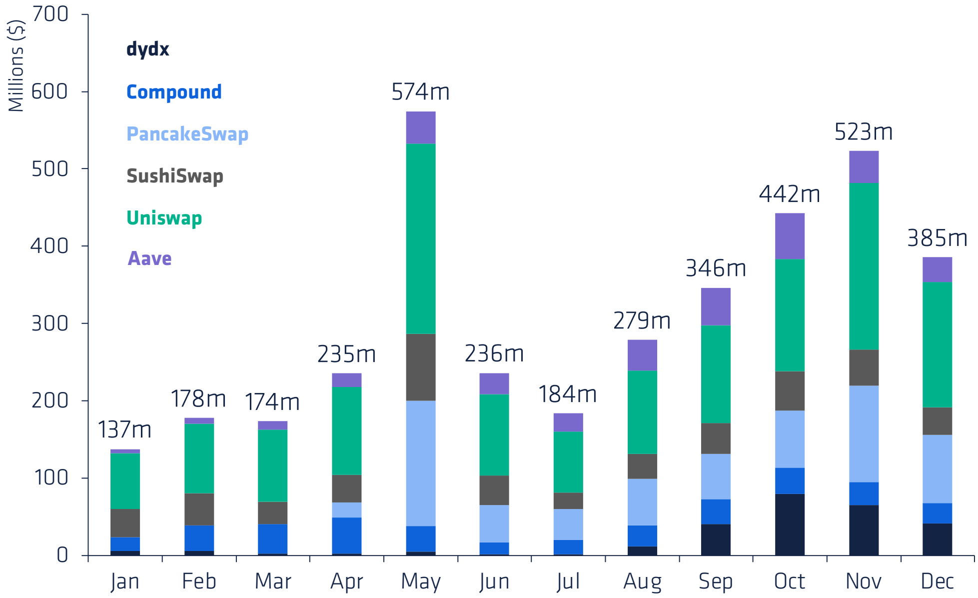
GRAPH 14 – **SMART CONTRACT PLATFORMS PERCENTAGE OF TVL (LHS) AND USD VALUE OF TVL (RHS)**



Source: DeFi Llama, CoinShares, data available as of close 20 April 2022

The expansion and spread of activity in DeFi has ultimately resulted in (1) certain protocols generating consistent revenue and (2) more general opportunities for scams and design failures. The former is evidenced by exchange protocol Uniswap, which averaged $130 million in monthly revenue, almost single handedly proving market demand for trading avenues with limited regulation and intermediaries. Meanwhile, other well-established projects found stable fee collection by adapting to the changing preferences of users, namely Sushiswap and Aave, who expanded their services offerings to many alternative smart contract platforms competing with Ethereum in millions of users and thousands more dApps but the sustainability and fairness of these programs have been rightly questioned.

GRAPH 15 – **TOP DEFI PROTOCOLS BY REVENUE 2021**



Source: DeFi Llama, CoinShares, data available as of close 20 April 2022

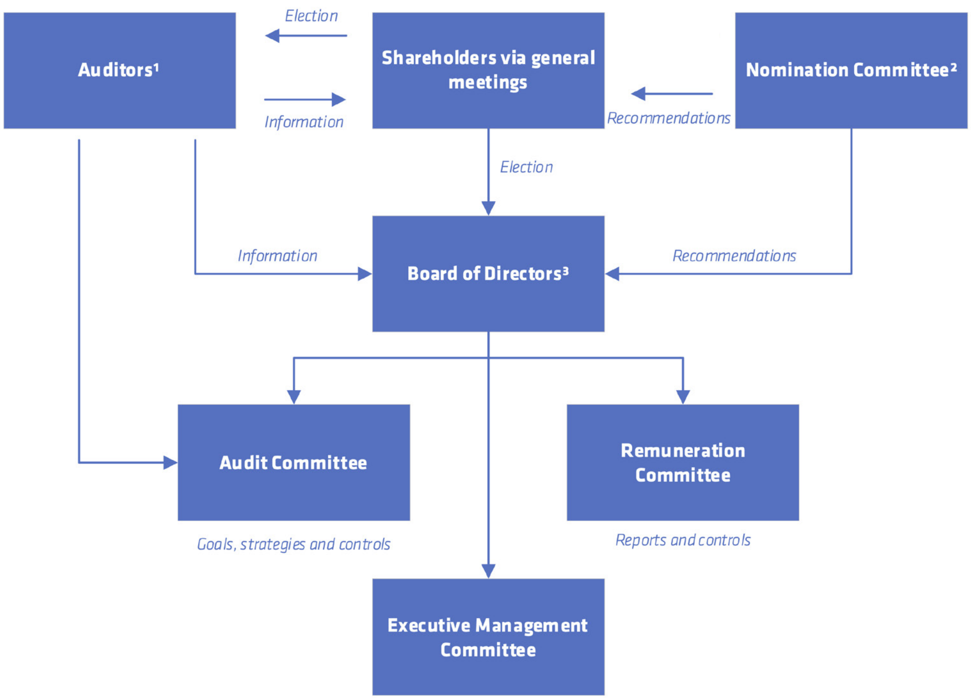
However, DeFi continues to experience growing pains, evidenced by [Chainalysis 2022 Crypto Crimes] report which suggests $3.2 billion worth of cryptocurrency was stolen in 2021 with $2.2 billion of those funds – or 72% of the total – stolen from DeFi protocols. This includes the largest DeFi exploit to date occurring in August 2021, draining $611 million from cross-chain protocol Poly Network. The protocol was designed to act as a bridge that enabled the transfer of assets between multiple blockchain networks, and as a result, assets on Ethereum ($273 million), Binance Smart Chain ($253 million) and Polygon Network ($85 million) were all affected. Additionally, the well-publicized issues surrounding UST and LUNA in May 2022 have had a far-reaching impact; Investors have suffered seriously losses in a manner which places an increased amount of regulatory focus on stablecoins and the wider digital asset ecosystem.

CORPORATE GOVERNANCE

The Board of Directors is responsible for the Corporate Governance report. The Corporate Governance report for the financial year has been reviewed by the Group's auditor, as described in other information in the audit report.

CoinShares International Limited is a Jersey incorporated, public limited liability company whose shares are listed for trading on the Nasdaq First North Growth Market. The requirements arising from the Company's listing on Nasdaq First North Growth Market do not include compulsory adoption of a corporate governance code. However, in setting up and maintaining our corporate governance structure, we are guided by the company's Articles of Association, Companies (Jersey) Law 1991, as amended, the Swedish Corporate Governance Code (the Code), the Nasdaq Rulebook for Issuers, other applicable laws and regulations, international best practices and the company's internal rules and guidelines. The internal rules and guidelines include primarily the Board's rules of Procedure, the CEO's instructions, the instructions for financial reporting and internal control, and the finance manual. As the Company continues to grow, the requirement for the adoption of a corporate governance code will be monitored.

In addition, CoinShares International Limited has a number of policy documents and manuals, including the Code of Conduct, the Corporate Governance Policy, the Insider Policy, and the Information and Communication Policy, as well as other internal rules and recommendations that include principles and provide guidance in the company's operations and for its employees. The above-mentioned governance documents are evaluated and adopted annually by the Board of Directors.



CORPORATE GOVERNANCE

The chart above describes how corporate governance is organized. CoinShares International Limited is a Jersey registered public company whose shareholders ultimately decide on the company's governance by electing the company's Board of Directors at the Annual General Meeting (AGM). The Board, in turn, has continuing responsibility for ensuring that corporate governance of the company is in compliance with laws and other external and internal rules and regulations.

INTERNAL GUIDELINES

Articles of Association, the Board's Rules of Procedure, the CEO's instructions, the finance manual, strategies and policies, and processes for internal control and governance.

EXTERNAL GOVERNANCE INSTRUMENTS

Companies (Jersey) Law 1991, the Nasdaq Rulebook for Issuers, other relevant laws.

SHAREHOLDERS

As of 31 December 2021, CoinShares International Limited had 3,455 shareholders. The ten largest shareholders as of 31 December 2021 had ownership corresponding to 88.36% of the votes and share capital. The number of unique shareholders with a holding of 5% or more in the company was five (5).

Shareholders	**Shares**	**Ownership**
Daniel Masters	15,200,984	22.28%
Mognetti Partners Limited	11,824,359	17.33%
Russell Newton[1]	8,314,512	12.19%
Alan Howard	7,873,019	11.54%
CBNY National Financial Services Limited	3,907,860	5.73%
Paul Davidson	3,010,000	4.41%
Meltem Demirors	2,778,020	4.07%
Adam Levinson	2,646,618	3.88%
Vitruvius Limited	2,566,213	3.76%
Dwight Anderson	2,149,408	3.15%
Sum 10 largest owners	**60,270,993**	**88.36%**
Sum other	7,942,828	11.64%
Total number of shares	**68,213,821**	**100%**
Number of shares options in issue	**3,491,577**	**4.88%**
Total diluted share capital	**71,705,398**	**100%**

1. 2,584,587 ordinary shares, representing 3.79% of the issued share capital, are held by associated persons including Vitruvius Limited.

SHARE CAPITAL AND VOTING RIGHTS

According to the Articles of Association in effect at the end of the financial year, the share capital of the company shall be no more than GBP99,000 divided into 200,000,000 Ordinary Shares in a single share class. The company's registered share capital as of 31 December 2021 was GBP 33,765.80, divided among 68,213,821 Ordinary Shares. The shares, which are denominated in British pounds (GBP), had a par value of GBP 0.000495. Each share carries entitlement to 1 vote. Every person entitled to vote at general meetings of the shareholders may vote for the full number of shares owned and represented by him or her without restriction in voting rights.

GENERAL MEETINGS

General meetings of the shareholders are the Group's highest decision-making body and the forum for shareholders to exercise their influence. General meetings can make decisions on all matters concerning the Group and that are not expressly within the framework of the exclusive authorisation of any other body. In other words, general meetings have a sovereign role over the Board of Directors and the CEO. According to the Code, the control body is the statutory auditor, which is appointed by a general meeting of shareholders.

Notice of general meetings
According to the current Articles of Association, notice of a general meeting may be given to a shareholder by the Company by making it available on the company's website and publishing a press release. A notice of an Annual General Meeting or an Extraordinary General Meeting shall be issued at least fourteen (14) clear days before the date of the general meeting.

Right to participate in a general meeting
Shareholders who wish to participate in a general meeting must be listed in the shareholder register maintained by Euroclear Sweden on the day that falls five weekdays prior to the meeting, and must notify the company of their intention to attend the meeting by not later than the date indicated on the notice of the meeting, Shareholders may participate in general meetings in person or via proxy, and may also be accompanied by a maximum of two assistants. Shareholders ordinarily have the opportunity to notify their attendance at a general meeting in several different ways, which are indicated in the notice. Shareholders are entitled to vote for all shares that they hold in the company.

Shareholder initiatives
Every shareholder has the right to have a matter taken up for consideration at a general meeting. A shareholder who wishes to have a matter taken up for consideration at a general meeting must submit a written request about such to the Board of Directors. Such a request must normally be received by the Board not later than seven weeks prior to the general meeting in question.

GENERAL MEETING – 2020 FINANCIAL YEAR

Annual General Meeting
The AGM for the 2020 financial year was held on 28 June 2021 through postal voting in accordance with temporary legislation.

The AGM resolved the following:

- *that the income statement, balance sheet, consolidated income statement and consolidated balance sheet be adopted by the company;*
- *to re-elect Daniel Masters, Jean-Marie Mognetti, Carsten Køppen and Johan Lundberg as members of the Board;*
- *to re-elect Daniel Masters as the Board Chairman;*
- *to re-elect Baker Tilly Channel Islands Limited as the company's auditors;*
- *that the remuneration of the auditor shall be set at the discretion of the Board; and*
- *that no formal Nomination Committee be appointed for 2021.*

GENERAL MEETING – 2021 FINANCIAL YEAR

CoinShares International Limited's Annual General Meeting for the 2021 financial year will be held virtually on 20 June 2022. Further information is provided at www.coinshares.com under the section for Investor Relations.

NOMINATION COMMITTEE

According to the Code, companies that adhere to the Code shall appoint a nomination committee. The Nomination Committee is tasked with submitting recommendations for the Chairman of the Board and other Board members, Directors' fees and other fees for Directors' work on the Board, the election of the auditor and the auditor's fees, and with evaluating the Board's work. Diversity is an important factor in the Nomination Committee's nomination work and the Nomination Committee shall continuously strive for an even gender balance and diversity regarding the Board's members.

Ahead of the 2022 Annual General Meeting of CoinShares International Limited , the Company wishes to propose the instruction for the appointment of the Nomination Committee which is to be considered for adoption by the shareholders at the AGM. According to the proposed instruction, CoinShares International Limited's Nomination Committee shall be composed of (i) representatives of the three largest shareholders of the company in terms of votes, who are registered in the share register maintained by Euroclear Sweden AB as of the last trading day in August each year, and (ii) a representative of the Board of Directors, who shall also convene the Nomination Committee to its first meeting. Regardless of how the Nomination Committee's members are appointed, they shall safeguard the shareholders' interests. In the years following the establishment of the Nomination Committee, the composition of the Nomination Committee is publicly announced through a press release as soon as the members have been appointed, but not later than six months prior to the AGM.

Based on the above, the Nomination Committee shall comprise of the following persons, who together represent approximately 52.02% of the number of votes and shares in the company as per 31 August 2021:

Michael Carlton (Chair of the Nomination Committee), appointed by Daniel Masters
Gunther Thumann, appointed by Mognetti Partners Limited
Paul Davidson, appointed by Russell Newton
Johan Lundberg, representative of the Board of Directors

BOARD COMPOSITION AND DIRECTORS' INDEPENDENCE

According to the Articles of Association, the Board shall be composed of three to ten members. The Articles of Association state that the Directors shall have power at any time to appoint any Person to be a Director either to fill a casual vacancy or as an addition to the existing Directors and that the shareholders may, by Ordinary Resolution, appoint any person or remove any Director from office. The Board is comprised of six Directors, four of whom were elected at the AGM on 28 June 2021 for the terms until the end of the 2022 AGM. Jean-Marie Mognetti, CEO, is a member of the Board. Other CoinShares executives participate at Board meetings in a reporting role on specific matters. According to the Code, a majority of the Directors shall be independent in relation to the Group and its management, which the company meets.

RESPONSIBILITIES AND WORK OF THE BOARD

The Board's duties are regulated by Companies (Jersey) Law 1991, CoinShares International Limited's Articles of Association, other laws and statutes, and guided by the Code. In addition, the Board's work is regulated by the Rules of Procedure adopted by the Board. The Rules of Procedure regulate, among other things, the division of duties and responsibilities between the Board members, the Chairman of the Board and the CEO, and lay out routines for financial reporting by the CEO. The Board also adopts instructions for the Board's committees. The Board's duties include adoption of strategies, business plans, budgets and forecasts, interim reports, the year-end book-closing, and policies and guidelines. The Board is also responsible for monitoring the company's financial performance, ensuring the quality of financial reporting and internal controls, and evaluating the business against the objectives and guidelines established by the Board. Finally the Board decides on substantial investments and changes in the Group's organisation and operations. The Chairman of the Board and CEO shall monitor the company's performance, and conduct preparatory work for and lead Board meetings. The Chairman of the Board is also responsible for ensuring that the Board members evaluate their work every year and that they continuously receive the information required for them to perform their work effectively. The Chairman of the Board represents CoinShares vis-à-vis its shareholders.

During the year, the Board held 8 meetings. The Board's work during the year was focused particularly on the company's strategy, including the integration of acquired operations, positioning, financing, culture, and the company's development and expansion. The focus of development and impact of stricter compliance requirements in connection with the company's listing on Nasdaq First North Growth Market and planned uplisting to Nasdaq Stockholm's Main Market.

Committees

The Board of CoinShares International Limited has established two committees – an Audit Committee and a Remuneration Committee.

Audit Committee
The Audit Committee was formally established on 29 November 2021. The Audit Committee is tasked with providing a special forum for the work with financial reporting, internal control, risk management and auditing, and advises the Board of Directors in these areas. The members of the Audit Committee as at 31 December 2021 were Viktor Fritzén and Christine Rankin, who was also the committee chair. The main duties of the Audit Committee is to monitor the

Group's financial reporting and to oversee the effectiveness of the company's internal controls and risk management. In addition, the Audit Committee is tasked with staying informed about the audit of the annual report and consolidated accounts, reviewing and overseeing the auditor's impartiality and independence, and in this context paying particular attention to whether the auditor provides other services to the Group than auditing services.

The Audit Committee maintains contact with the Group's auditor in order to establish an ongoing exchange of information and understanding between the Board and the auditor on auditing issues.

The Audit Committee held no meetings in 2021.

Remuneration Committee

The Remuneration Committee was formally established on 29 November 2021. The members of the Remuneration Committee as at 31 December 2021 were Carsten Køppen, Christine Rankin and Daniel Masters, who is also the committee chair. The Remuneration Committee has an advisory and a drafting function. Its main duties are to conduct preparatory work for the Board's decisions on matters concerning remuneration principles, remuneration and other terms of employment for members of the Executive Management Committee, monitoring and evaluating application of the guidelines for remuneration of senior executives approved by the AGM as well as applicable remuneration structures and remuneration levels in CoinShares.

The Remuneration Committee held no meetings in 2021.

Evaluation of the Board's work and establishment of Nomination Committee

The Board's work is evaluated annually through a systematic, structured process that aims amongst other matters to produce constructive documentation for improvements in the Board's own work. The evaluation is conducted both individually and through discussions at Board meetings. The evaluation aims to give the Chairman of the Board information on how the Board members perceive the Board's effectiveness and collective competence as well as on whether there are any needs for changes on the Board. The evaluation of the Chairman is conducted by the other Board members. The requirement for the establishment of a formal Nomination Committee is monitored on an ongoing basis.

Directors' fees

Total remuneration paid to the Directors for 2021 was GBP 491,134 including remuneration for committee work. Please note this does not include remuneration paid to the CEO. Details on CEO remuneration can be found on page 45.

INTERNAL CONTROL AND RISK MANAGEMENT

Due to the nature of the industry within which the Group operates, coupled with the nature of the services and products provided, a robust control environment is paramount in order to protect the Group's stakeholders, ensure compliance with regulatory requirements of the Group, and allow for accurate and timely dissemination of information throughout the Group.

The control environment is focused on the areas described below:

Risk Management and Counterparty Monitoring

The Group has a variety of systems and controls in place that allow for the ongoing monitoring of all of its digital asset holdings and positions with each of its counterparties. Internal reports are generated automatically every 30 minutes (increased to every minute during periods of significant volatility) and provided to the relevant members of CoinShares Asset Management and CoinShares Capital Markets teams responsible for hedging and trading activities of the Group.

This is further enhanced by a daily reconciliation and examination of the composition of digital assets to ensure the activities of the Group remain in accordance with the terms of the Collateral Management Agreement between CoinShares Capital Markets (Jersey) Limited and XBT Provider AB (publ).

All counterparties with which the Group interacts for the purpose of either digital assets storage or trading are subject to robust due diligence procedures and are integrated fully with the Group's internal systems prior to engaging in any kind of active relationship.

The counterparty risk of the Group is further mitigated by the fact that the majority of the Group's physical asset holdings are in custody with Komainu (Jersey) Limited, a Jersey incorporated, regulated custodian and depositary specialising in digital assets.

Cyber-security
Cyber-security remains a critical focus for the Group. Significant investment in and ongoing improvement of the Group's security posture is essential to align the infrastructure of the Group with its growth. From a completely new physical networking layer to the optimized secure cloud environment, these improvements have been validated by the Group's external information security audits and accreditations.

The Group's latest annual independent cyber-security review described the Group's security profile as "very strong" and "highly secure". At the same time, the Group has also achieved ISO270001 certification (international standard for information security management), evidencing adherence to a "best-practice" approach to the management of information security by addressing people and processes as well as technology.

Ad-hoc security tests and attack simulations are regularly undertaken allowing the Group to ensure buy-in and understanding from all employees. The Group's endpoint, mobile and perimeter protections are monitored on an ongoing basis in order to adapt to emerging threats and to ensure that the Group remains protected in the ever-changing landscape of cyber-security. Furthermore, the Group's cyber-security controls are routinely tested as part of the Group's Compliance Monitoring Plan.

Regulatory and Compliance
The CoinShares Group operates the Three Lines of Defence model, which is considered to be industry best practice and is composed as follows:

The First Line of Defence – the client facing operations teams in each of the Group's jurisdictions;
The client-facing operations teams are responsible for maintaining a strict control environment over day-to-day operational matters, including the monitoring of client transactions. The first line has a comprehensive control framework, managed and maintained by them; the framework spans both organization wide controls and department specific controls.

The Second Line of Defence – the Group's Compliance and Risk team;
The Group's Compliance and Risk team has a number of key responsibilities, including but not limited to:

- the anti-money laundering and countering of terrorism financing control framework, including the on-boarding and ongoing monitoring of clients, and associated staff training;
- regular testing of the Group's control framework;
- liaising with the Group's various regulatory bodies;
- undertaking the role of Money Laundering Reporting Officer, Money Laundering Compliance Officer and Compliance Officer; and
- regular reporting/communication of compliance, risk and tax matters to the various Boards of Directors.

The Group also benefits from a network of external advisors relied upon as required for guidance on a range of specialized topics.

The Third Line of Defence – external financial audit and other specialist audit work;
The Group undertakes an annual financial audit process in addition to more focused specialised external audit work, undertaken on particular parts of the business, for example, the work undertaken by Armanino, a third-party audit firm providing assurance reports on a daily basis on the assets of the Group used to hedge and collateralise the XBT/CSDS ETPs.

Information Dissemination and Transparency
Due to the various jurisdictions within which the Group operates, and the variety of activities undertaken across the Group it is essential that information is disseminated in a timely and consistent manner. To facilitate this, various committees are in place with meetings held on a regular basis to encourage the information generated by the Group's control environment to be disseminated accordingly.

The dissemination of information is not only a focus for the Group internally, but also externally to the Group's stakeholders, be they regulators, auditors, insurers or other parties. As such, the daily hedge position in respect of the assets held as part of the hedging activities is published on the XBT section of the CoinShares website, and subject on an ongoing basis to agreed-upon procedures undertaken by third-party firm, Armanino. The results of Armanino's work are published on a daily basis and available at https://real-time-attest.trustexplorer.io/coinshares. The work performed by Armanino is independent from the Group's internally generated reports on digital asset holdings, thus providing an additional level of comfort and accompanying third party opinion.

CEO AND SENIOR EXECUTIVES

Executive Management Committee
The Executive Management Committee was formally established on 3 September 2021. The members of the Executive Management Committee as at 31 December 2021 were Richard Nash (CFO), Graeme Dickson (GGC), Meltem Demirors (CSO), Frank Spiteri (CRO) and Jean-Marie Mognetti (CEO), who was also the committee chair. The main duties of the Executive Management Committee are managing the day-to-day activities of the Group, to develop and implement business plans, policies, procedures and budgets that have been recommended

and approved by the Board of Directors, monitor the operating and financial performance of the Group, prioritise and allocate investment and resources, manage and develop talent and manage the risk profile of the Group.

The Executive Management Committee held three meetings in 2021.

The CEO is responsible for the day-to-day administration of the Group in accordance with applicable laws and regulations, and the instructions and strategies established by the Board of Directors. The CEO ensures that the Board receives the information required for the Board to be able to make well-grounded decisions, and monitors compliance with the goals, policies and strategy plans for CoinShares that are set by the Board of Directors. The CEO is also responsible for ensuring that the Board is provided with satisfactory information about the Group's development between regular Board meetings. The CEO leads the work of the Executive Management Committee, which is responsible for the overarching business development. In addition to the CEO, the Executive Management Committee included four senior executives as of 31 December 2021: the Chief Financial Officer, the Group General Counsel, the Chief Strategy Officer and the Chief Revenue Officer.

Remuneration of the CEO and senior executives
Remuneration of the CEO and other senior executives may consist of a fixed cash salary, discretionary bonus, other customary benefits and pension. The combined annual cash remuneration shall be in line with the going rate in the market and geographic area in which the executive is stationed, and shall be commensurate with the individual's qualifications and experience. By other senior executives is meant those persons who together with the CEO make up the Executive Management Committee. The Company has drawn up recommendations for guidelines for remuneration of the senior executives to be put to the 2022 AGM for approval (the "**Remuneration Procedure**"). The Remuneration Procedure includes, among other matters, principles for the relationship between fixed salary, pension benefits, and limitations regarding severance pay and fixed salary during notice periods. Individual remuneration of the CEO and the individual remuneration of other senior executives are approved by the Board of Directors after recommendation by the Remuneration Committee.

AUDITOR

At the Annual General Meeting on 28 June 2021 resolved to elect Baker Tilly Channel Islands Limited as auditor of the company for a term until the end of the 2022 AGM. Ewan John Spraggon was appointed auditor-in-charge. Ewan is a Fellow of the Institute of Chartered Accountants of England and Wales, and a member of the Institute of Chartered Accountants of Scotland.

EXTERNAL AUDIT

The external audit of the accounts of CoinShares International Limited and all subsidiaries, including the Board of Directors' and Group Management's administration, is performed in accordance with International Standards on Auditing. The external auditor will attend all meetings of the Audit Committee and at least one Board meeting each year, at which the auditors' report on their observations from the audit.

BOARD OF DIRECTORS

Daniel Masters

Assignments and year elected
Born 1963, Chairman of the Board since 2008. Chair of the Remuneration Committee.
Education, professional experience and previous assignments
Daniel holds a Master's degree in Management Science and Operational Research from Imperial College.
Daniel has more than 30 years of experience in energy trading. He was, amongst other roles, the Head of Global Energy Trading for Morgan Guaranty Trust Company (MGT), oversaw several of the trading and risk management functions at the Energy Division of Salomon, Inc., was involved in the establishment of the natural gas and electricity markets in the UK, completed some of the first forward contracts for electricity and was one of the first and most active participants in the market for Contracts for Difference in Europe.
Other current assignments
Director of GABI Ventures Limited; Director of CB Limited; Director of CommerceBlock Limited; Director of CommerceBlock Holding Limited; Director of Crypto Composite Limited; Director of Satoshipay Limited; Council Member of Tezos Foundation; Consultant to Pendulum;
Executive Director's fee (yearly)
Salary - GBP 200,000
Buy-out payment - GBP 167,000
Benefits in kind - GBP 9,678
Fee for committee work
Included within Director's fee.
Independent in relation to the company and Group management
No. Daniel Masters was employed by the Company until 29 November 2021.
Independent in relation to major shareholders
No.
Own and related parties' shareholdings as per 31 December 2021
15,200,984 ordinary shares.
Attendance at board meetings
8 of 8 possible.
Attendance at Remuneration Committee meetings
0 of 0 possible.

Jean-Marie Mognetti

Assignments and year elected
Born in 1984, Board member since 2014. Member of the Executive Management Committee.
Education, professional experience and previous assignments
Jean-Marie holds a Master's degree in Mathematical Trading and Finance from Sir John Cass Business School.
Jean-Marie is an experienced commodities trader with a background and expertise in quantitative analysis, risk management and alpha-generation through macro commodity-oriented programs, including cryptocurrencies. Prior to joining CoinShares, Jean-Marie was a quantitative strategist with Hermès Commodities Fund Managers.

Other current assignments

Council Member of the Aventus Protocol Foundation; Director of JFM & FK Management Services; Director of Mognetti Partners Limited; Director of Komainu Holdings Limited (representing CoinShares); Director of Tactiques D'avant-Garde (Jersey) Limited.

Executive Director's fee (yearly)

Salary - GBP 300,000

Bonus - GBP 1,900,000

Benefits in kind - GBP 9,391

Fee for committee work

Not applicable. No member of the Executive Management Committee receives a fee for their work on the committee.

Independent in relation to the company and Group management

No.

Independent in relation to major shareholders

No.

Own and related parties' shareholdings as per 31 December 2021

11,824,359 ordinary shares and 517,812 share options.

Attendance at board meetings

8 of 8 possible.

Attendance at Executive Management Committee meetings

3 of 3 possible.

Carsten Køppen

Assignments and year elected

Born in 1964, non-executive Board member since 2020. Member of the Remuneration Committee.

Education, professional experience and previous assignments

Carsten holds a Diploma in Banking from the Danish School of Banking.

Carsten has 35 years of experience in financial services, including stock exchange equity trading, investment advisory, capital market debt and fixed income, alternative asset management and asset servicing. He is a specialist in corporate governance and best practices within the alternative investment fund industry, and is also, among other things, independent, regulated Non-Executive Director and Member of the Board to various alternative investment structures and managers.

Other current assignments

Director of Triton Investment Management Limited; Director of Alpenhof Limited; Director of Octopus Aternative Investment Fund Management Limited; Director of GSG Ethereum Enhanced Master Fund Limited; Director of GSG Digital Frontier Master Fund Limited; Council Member of the Aventus Protocol Foundation.

Director's fee (yearly)

GBP 45,417 (annual base fee for 2021 of GBP 50,000)

Fee for committee work

Included within Director's fee.

Independent in relation to the company and Group management

Carsten held a Non-Executive Director position on the Board of CoinShares (Jersey) Limited, a Group Company, until the end of November 2021.

Independent in relation to major shareholders

Yes.

Own and related parties' shareholdings as per 31 December 2021
4,150 ordinary shares.
Attendance at board meetings
8 of 8 possible.
Attendance at Remuneration Committee meetings
1 of 2 possible.

Johan Lundberg

Assignments and year elected
Born in 1977, non-executive Board member since 2020. Member of the Nomination Committee.
Education, professional experience and previous assignments
Johan holds an MBA in Finance from Stockholm School of Economics; MBA in International Strategy from Stockholm University.
Johan is a founding partner of NFT Ventures, an early- and growth-stage fund founded in 2014 to capture the opportunity in transformation of banking and financial services.
Other current assignments
Director of MR Cake AB; Director of MR Cake Göteborg AB; Director of MR Cake Retail AB; Director of MR Cake Holding AB; Director of Swiftcourt AB; Director of Fastighets AB Stentulpanen Stockholm; Director of Bostadsrättsföreningen Trojenborg nr 18; Director of Nordic Collection AB; Director of Svolder AB; Director of NFT Ventures AB; Director of NFT Ventures 1 AB; Director of NFT Ventures 2 AB; Director of NFT Ventures CV 1 AB; Director of NFT Ventures Invest AB; Director of Nordkap AB; Director of Ölands Bank AB; Director of Roy Fares AB; Director of Betsson AB; Director of Loomis AB; Director of Stentulpanen Fastigheter i Kalmar & Öland AB; Director of Stentulpanen Fastigheter Smedby AB; Director of Fastighets AB Stentulpanen; Director of Kapitalförvaltnings AB Stentulpanen; Director of PayGround AB; Director of Barcelona Development Corporation AB; Director of Barcelona Opportunity AB (publ); Director of SoliFast Holding AB; Director of SoliFast Sagacity AB; Director of Nft Growth 1 AB; Chairman and Director of Investment AB Stentulpanen; AB Stentulpanen Försäkringar; Director of SoliFast Sverige AB; Director of Mondido Payments AB; Director of Global Fintech Industries AB; Director of Lanbyte i Sverige AB; Director of Investment AB Vildtulpanen.
Director's fee (yearly)
GBP 54,167 (annual base fee for 2021 of GBP 50,000)
Fee for committee work
Included within Director's fee.
Independent in relation to the company and Group management
Yes.
Independent in relation to major shareholders
Yes.
Own and related parties' shareholdings as per 31 December 2021
N/A.
Attendance at board meetings
8 of 8 possible.
Attendance at Nomination Committee meetings
0 of 0 possible.

Christine Rankin

Assignments and year elected
Born in 1964, non-executive Board member since 2021. Member of the Remuneration Committee; member of the Audit Committee.
Education, professional experience and previous assignments
Christine holds a Bachelor in Business Administration and Economics from Stockholm University. Christine is a former Partner at PWC and has held positions of trust at several organisations including Spotify, NASDAQ, Cherry AB, and Veoneer Inc.
Other current assignments
Director of Zenuity AB; Director and audit committee chair of 4C Group AB; Director and audit committee member of Orexo AB; Director and audit committee chair of Bonesupport AB.
Director's fee (yearly)
GBP 7,436 (annual base fee for 2021 of GBP 50,000)
Fee for committee work
Included within Director's fee.
Independent in relation to the company and Group management
Yes.
Independent in relation to major shareholders
Yes.
Own and related parties' shareholdings as per 31 December 2021
N/A.
Attendance at board meetings
1 of 1 possible.
Attendance at Audit Committee meetings
0 of 0 possible.
Attendance at Remuneration Committee meetings
0 of 0 possible.

Viktor Fritzén

Assignments and year elected
Born in 1985, non-executive Board member since 2021. Member of the Audit Committee.
Education, professional experience and previous assignments
Viktor holds a Master in Finance from the Stockholm School of Economics.
Viktor previously held the positions of Global Investment Research Analyst and Corporate Finance Analyst at Goldman Sachs and GP Bullhound respectively, and the position of CFO of LeoVegas Group.
Other current assignments
Director of Avanza Bank Holding AB; Director of Readly International AB (publ); Director of StickerApp Holding AB; Director of Appjobs Sweden AB; Director of Försäkringsaktiebolaget Avanza Pension; Director of Avanza Bank AB.
Director's fee (yearly)
GBP 7,436 (annual base fee for 2021 of GBP 50,000)
Fee for committee work
Included within Director's fee.
Independent in relation to the company and Group management
Yes.
Independent in relation to major shareholders
Yes.

Own and related parties' shareholdings as per 31 December 2021
36,000 ordinary shares.
Attendance at board meetings
1 of 1 possible.
Attendance at Audit Committee meetings
0 of 0 possible.

GROUP MANAGEMENT

Jean-Marie Mognetti, Group Chief Executive Officer

Background
Born in 1984, Board member since 2014. Member of the Executive Management Committee.
Education, professional experience and previous assignments
Jean-Marie holds a Master's degree in Mathematical Trading and Finance from Sir John Cass Business School.
Jean-Marie is an experienced commodities trader with a background and expertise in quantitative analysis, risk management and alpha-generation through macro commodity-oriented programs, including cryptocurrencies. Prior to joining CoinShares, Jean-Marie was a quantitative strategist with Hermès Commodities Fund Managers.
Other current assignments
Council Member of the Aventus Protocol Foundation; Director of JFM & FK Management Services; Director and Shareholder of Mognetti Partners Limited; Director of Komainu Holdings Limited (representing CoinShares); Director of Tactiques D'avant-Garde (Jersey) Limited.
Own and related parties' shareholdings as per 31 December 2021
11,824,359 ordinary shares and 517,812 share options.
Attendance at Executive Management Committee meetings
1 of 2 possible.

Richard Nash, Chief Financial Officer

Background
Born in 1984, Executive Management Committee member since 2021.
Education, professional experience and previous assignments
Richard holds a Master's degree in Sinology from School of Oriental and African Studies, University of London.
Richard has 10 years of experience as a chartered accountant. Richard joined CoinShares from Cairn Financial Advisers where he acted as Nominated Adviser to a number of listed companies, holding the status of Qualified Executive (as granted by the London Stock Exchange). Richard was formerly part of the RSM UK Capital Markets Team, where he acted as reporting accountant to a number of listings.
Other current assignments
N/A.
Own and related parties' shareholdings as per 31 December 2021
900 ordinary shares and 134,206 share options.
Attendance at Executive Management Committee meetings
2 of 2 possible.

Graeme Dickson, Group General Counsel

Background
Born in 1977, Executive Management Committee member since 2021.
Education, professional experience and previous assignments
Graeme holds a Master's degree (Honours) in International Relations from University of St. Andrews and Post Graduate Diploma in Law from the University of Law.
Graeme has 14 years of experience as an English qualified solicitor. He joined CoinShares from Aviva Plc. where he held the position of Senior Legal Counsel. Prior to that he held positions at Linklaters, White & Case, Bank of America and Standard Bank.
Other current assignments
N/A.
Own and related parties' shareholdings as per 31 December 2021
12,427 ordinary shares and 108,897 share options.
Attendance at Executive Management Committee meetings
2 of 2 possible.

Meltem Demirors, Chief Strategy Officer

Background
Born in 1987, Executive Management Committee member since 2021.
Education, professional experience and previous assignments
Meltem holds a Bachelor's degree in Mathematical Economics from Rice University and an MBA with a focus on Finance and Innovation from Sloan School of Management, Massachussetts Institute of Technology (MIT).
Meltem has prior experience in the oil and gas industry in trading, corporate treasury and M&A roles. She helped build and grow the Digital Currency Group, managing a portfolio of 120 companies and 4 subsidiaries, is a founding member of the World Economic Forum Blockchain Council, and teaches at MIT as well as the University of Oxford.
Other current assignments
Advisor to Shyft Network; Advisor to Metaplex Foundation; Director of Stacks Foundation; Director of Compass Mining Inc (Representing CoinShares Group); Director of Mintgreen Blockchain Innovation Corporation (Representing CoinShares Group); Director of Choice FinTech Holdings (previously Kingdom Trust)(Representing CoinShares Group); Director of Ejara (Representing CoinShares Group); Director of 3iQ Corp (Representing CoinShares Group); Board Member of The Topps Company, Inc.; Advisor to Blockdaemon; Advisor to Casa; Managing Member of Shiny Pony LLC; Programme Director at Oxford Saïd Business School.
Own and related parties' shareholdings as per 31 December 2021
2,778,020 ordinary shares and 221,036 share options.
Attendance at Executive Management Committee meetings
2 of 2 possible.

Frank Spiteri, Chief Revenue Officer

Background
Born in 1977, Executive Management Committee member since 2021
Education, professional experience and previous assignments
Frank has over 10 years of experience as an ETP specialist, joining CoinShares after previously working as the former Head of Distribution and Capital Markets at WisdomTree. Prior to specializing in ETPs, he spent 11 years working as a trader with KBC Financial Products.
Other current assignments
N/A.
Own and related parties' shareholdings as per 31 December 2021
601,763 ordinary shares and 1,944,600 share options.
Attendance at Executive Management Committee meetings
1 of 2 possible.

SHARES, SHAREHOLDERS AND SHARE CAPITAL GENERAL INFORMATION

CoinShares International Limited was listed on Nasdaq First North Growth Market in March 2021. According to the company's Articles of Association, the share capital of the company shall be no more than GBP99,000 divided into 200,000,000 Ordinary Shares in a single share class. The company's registered share capital as of 31 December 2021 was GBP 33,765.80, divided among 68,213,821 Ordinary Shares. The shares, which are denominated in British pounds (GBP), had a par value of GBP 0.000495. The company's shares have been issued in accordance with Jersey law. All issued shares are fully paid for and freely transferable. The company's shares are listed on the regulated multilateral trading facility, Nasdaq First North Growth Market, and the ISIN code for CoinShares International Limited's shares is JE00BLD8Y945. The company's shares are not the subject of any offer that has been made as a result of a mandatory bid, redemption right or redemption obligation. Nor has any public takeover offer been made for the shares during the current or preceding financial years.

Certain rights associate with the shares
The company's shares are of the same class. The rights associated with shares issued by the company, including those pursuant to the Articles of Association, may only be amended in accordance with the procedures set out in Companies (Jersey) Law 1991.

Voting rights
Each share entitles the holder to vote at general meetings, and each shareholder is entitled to a number of votes corresponding to the shareholder's total holding of shares in the company.

Preferential rights to new shares
In accordance with Article 3 of the Articles of Association (the "Articles"), the company shall not allot and issue ordinary shares, or rights to subscribe for, or to convert securities into, ordinary shares ('Equity Securities"), to any person on any terms unless it has made an offer to each Shareholder on the same or more favourable terms (the "Preferential Rights"). These Preferential Rights shall not apply to:

1. any ordinary shares issued pursuant to the exercise of warrants;
2. in one or more tranches of ordinary shares as does not in the aggregate exceed ten percent (10%) of the total number of ordinary shares in issue at 9am on 1 January of such year; and
3. any Equity Securities allotted and issued by the Directors in the three years following adoption of the Articles pursuant to any employee incentive or bonus plan or scheme. Such Equity Securities not to exceed fifteen percent (15%) of the total number of ordinary shares in issue at the date of the adoption of the Articles.

CENTRAL SECURITIES DEPOSITORY

CoinShares International Limited's shares are registered in an electronic VPC register in accordance with the Central Securities Depositories and Swedish Financial Instruments Accounts Act (Lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument). No share certificates have been issued for the company's shares registered in the VPC register. The account operator is Euroclear Sweden.

CONVERTIBLES, WARRANTS, AUTHORISATIONS TO ISSUE SECURITIES, ETC.

Incentive programs

On 22 September 2020, the shareholders of CoinShares International Limited resolved to authorize the Board of Directors in three years from the date of adoption of the Articles of Association (19 November 2020), to issue share options that do not, in aggregate, exceed 15% of the total number of outstanding ordinary shares. The employee incentive program ("EIP") is governed by general terms and conditions and individual share option agreements with the holders of share options.

The aim of the EIP is to create conditions to retain and increase motivation of senior executives, other employees and other key persons in the company and Group. The Board of Directors believes that it is in the interests of all shareholders that senior executives, other employees and key persons have a long-term interest in good growth in the value of the company's shares. A long-term owner engagement is expected to stimulate greater interest in the business and its earnings performance overall and enhance motivation among the participants and aims to achieve a greater foundation for shared interests between the program's participants and the company's shareholders.

Share Options issued under the EIP - November 2020

On 25 October 2019 the Board of CoinShares (Holdings) Limited, a Group Company, resolved on an incentive program that was approved by its shareholders on 29 October 2019. During March 2020, warrants were issued based on the terms for the incentive program for employees. The Share Options issued under the incentive program for employees in CoinShares (Holdings) Limited were transferred to CoinShares International Limited on 24 November 2020 on the same terms as Share Options granted at CoinShares (Holdings) Limited level. The number of share options issued were adjusted in connection with the transfer in order to ensure the recipient received share options corresponding to the number which were initially issued. The strike price was adjusted accordingly. Following the transfer of the share options from CoinShares (Holdings) Limited to CoinShares International Limited, no options exist in CoinShares (Holdings) Limited.

A total of 2,955,920 share options were issued and held by key employees in Jersey, the UK and the US. Of these share options, 1,011,320 were issued with 13 March 2023 as the vesting date.

The remaining 1,944,600 share options, held by the Group's CRO Frank Spiteri, are subject to certain vesting criteria that need to be fulfilled; (i) double the Group's AUM, (ii) double the customer count and (iii) drive team performance (determined by the Board). The vesting terms are outlined in a separate share option agreement between the company and Frank Spiteri.

The following terms apply to all 2,995,920 share options:

- each share option gives the share option holder the right to subscribe for one ordinary share in the company;
- the share options were issued free of charge; and
- the subscription price (strike price) for each ordinary share amounts to GBP 1.43, equivalent to the fair market value of one ordinary share at issuance (adjusted accordingly following the transfer to the company) and as determined by a third party valuation specialist.

Share Options issued under the EIP – March 2021

On 22 February 2021, the Board resolved to grant key employees a total of 183,489 share options. The following terms apply to all 183,489 share options:

- the share options would vest in eight equal tranches over the 24 months from the date of issue, being 11 March 2021;
- each share option gives the share option holder the right to subscribe for one ordinary share in the company;
- the share options were issued free of charge; and
- the subscription price (strike price) for each ordinary share amounts to SEK 44.9, equivalent to the subscription price in Prospectus dated 22 February 2021.

Share Options issued under the EIP – April 2021

On 26 March 2021, the Board resolved to grant key employees a total of 373,944 share options. The following terms apply to all 373,944 share options:

- vesting date of 19 April 2024;
- each share option gives the share option holder the right to subscribe for one ordinary share in the company;
- the share options were issued free of charge; and
- the subscription price (strike price) for each ordinary share amounts to SEK 94.4.

Share Options issued under the EIP – March 2022 (post year end)

On 21 January 2022, the Board resolved to grant key employees a total of 670,002 share options. The following terms apply to all 670,002 share options:

- vesting date of 18 March 2025;
- each share option gives the share option holder the right to subscribe for one ordinary share in the company;
- the share options were issued free of charge; and
- the subscription price (strike price) for each ordinary share amounts to SEK 82.3.

If all 4,153,665 share options issued in the company were to be exercised for subscription of ordinary shares, the maximum dilution amounts to approximately 6.09 percent of the number of outstanding ordinary shares as at the date of this report.

GROWTH IN SHARE CAPITAL

Since the company's shares were listed for trading on Nasdaq First North Growth Market on 11 March 2021, the company has decided on new share issues on two occasions.

The below is a table of the number of shares and registered share capital shows registrations related to the historical development of these new share issues and other events pertaining to the company's share capital.

		Number of Shares	
Registration date	**Event**	**Change**	**Total**
11 March 2021	IPO	-	66,551,863
6 July 2021	Consideration for acquisition	1,298,322	67,850,185
16 December 2021	Consideration for acquisition	363,636	68,213,821
31 December 2021			68,213,821

OWNERSHIP STRUCTURE

The table below shows CoinShares International Limited's largest shareholders as per 31 December 2021. The company had 3,455 shareholders on 31 December 2021.

Shareholders	Shares	Ownership
Daniel Masters	15,200,984	22.28%
Mognetti Partners Limited	11,824,359	17.33%
Russell Newton[1]	8.314,512	12.19%
Alan Howard	7,873,019	11.54%
CBNY Financial Services Limited	3,907,860	5.73%
Paul Davidson	3,010,000	4.41%
Meltem Demirors	2,778,020	4.07%
Adam Levinson	2,646,618	3.88%
Vitruvius Limited	2,566,213	3.76%
Dwight Anderson	2,149,408	3.15%
Total, 10 largest shareholders	**60,270,993**	**88.36%**
Other existing shareholders	7,942,828	11.64%
Total	**68,213,821**	**100%**

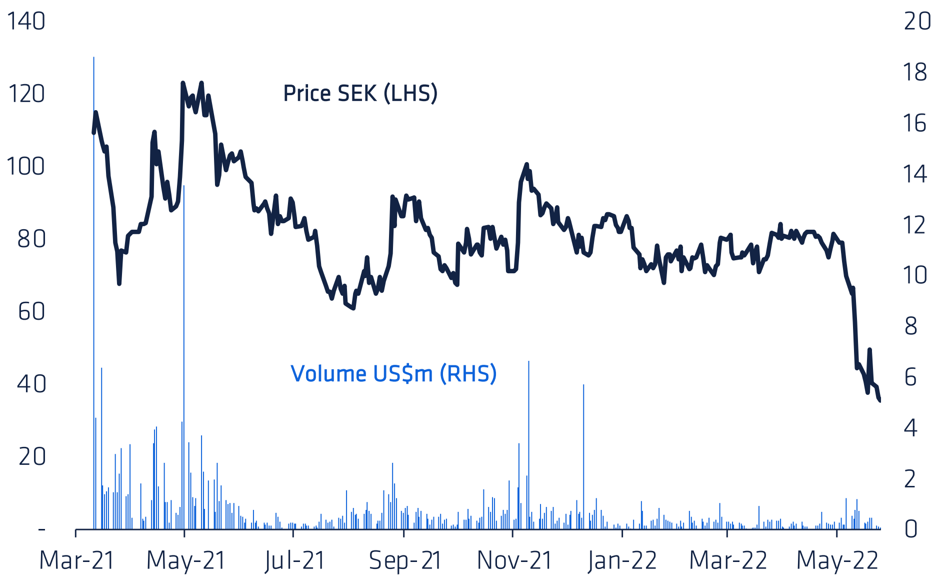
1. 2,584,587 ordinary shares, representing 3.79% of the issued share capital, are held by associated persons including Vitruvius Limited.

Shareholder agreements
To the best of the knowledge of CoinShares International Limited's Board of Directors, there are no shareholder agreements or other agreements between the company's shareholders that are intended to influence the company. Nor is the company's Board aware of any agreements or similar undertakings that could lead to a change in control over the company.

SHARE PRICE DEVELOPMENT

The table below shows movements in the company's share price during the year. CoinShares International Limited's shares are traded under the ticker code "CS". The initial listing was on Nasdaq First North Growth Market in March 2021. The listing price was SEK 44.9. The lowest price paid for the shares in 2021 was SEK 60.8 and the highest price paid during the year was SEK 123. The price of the shares was SEK 82 at year-end.

COINSHARES SHARE PRICE



Source: Bloomberg, CoinShares, data available as of close 25 May 2022

AUDITED FINANCIAL STATEMENTS

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COMPANY INFORMATION

The Company	CoinShares International Limited
Jurisdiction	Jersey
Registered Number	102185
Registered Office	2nd Floor 2 Hill Street St Helier Jersey JE2 4UA
Directors	Daniel Masters Jean-Marie Mognetti Carsten Køppen Johan Lundburg Viktor Fritzén (appointed 8 November 2021) Christine Rankin (appointed 8 November 2021)
Company Secretary	CoinShares Corporate Services (Jersey) Limited
Independent Auditor	Baker Tilly Channel Islands Limited PO Box 437 1st Floor, Kensington Chambers 46/50 Kensington Place St Helier Jersey JE4 0ZE
Bankers	Silvergate Bank 4250 Executive Square Suite 300 La Jolla CA 92037 Deltec Deltec House Lyford Cay PO Box N-3229 Nassau The Bahamas Signature Bank 565 Fifth Avenue New York NY 10017 DBS Bank Ltd 12 Marina Boulevard Singapore 018982 Barclays Bank 13 Library Place Jersey JE4 8NE

Custodian	Komainu Digital 3rd Floor 2 Hill Street St Helier Jersey JE2 4UA
Legal Advisors	Carey Olsen Jersey LLP 47 Esplanade St Helier Jersey JE1 0BD
Brokers	Cowen International Limited 11th Floor 1 Snowden Street London EC2A 2DQ
	Interactive Brokers LLC 110 Bishopsgate London LEC2N 4AY
	Mangold Fondkommission AB Engelbrektsplan 2 114 34 Stockholm

DIRECTORS' REPORT

The directors present their annual report and the consolidated financial statements ("financial statements") of CoinShares International Limited (the 'Company'), together with its subsidiaries listed in note 14 of the financial statements (collectively the 'Group'), for the year ended 31 December 2021.

Incorporation

The Company is incorporated and domiciled in Jersey. Since 16 November 2020, the Company has been registered as a public company with the Jersey Financial Services Commission.

Principal activity

The principal activity of the Group is providing exposure to the digital asset ecosystem via a range of financial products and services, supported by its technology stack and team.

Results and dividends

The total comprehensive income for the year amounted to £113,443,438 (2020: £18,556,401) as per page 67.

The loss for the year, after taxation and excluding gains on digital assets recognised through other comprehensive income, amounted to £2,412,321,706 (2020: loss of £1,390,473,113) as per page 67.

Dividends of £nil (2020: £nil) were declared or payable in the year. In the prior year the Company distributed a subsidiary of the Company, GABI Ventures Limited ('GVL'), valued at £5,382,901 at the time of disposal, to shareholders.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and financial statements in accordance with applicable laws and regulations.

The Companies (Jersey) Law 1991 requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with UK-adopted International Financial Reporting Standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company, and which enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who held office during the year and subsequently are set out on page 56.

Company Secretary

The Company Secretary who held office during the year and subsequently is set out on page 56.

First time adoption of IFRS

The Group has elected to present these financial statements in accordance with IFRS for the first time. Further detail on the transition to IFRS is set out in note 32.

Going concern

The Group had net assets of £200,013,153 (31 December 2020: £56,523,954, 1 January 2020: £45,396,463), an operating loss of £2,420,412,328 (2020: loss of £1,393,759,183), and total comprehensive income of £113,443,438 (2020: £18,556,401). The directors have prepared these financial statements on a going concern basis on the understanding that they have satisfied themselves that sufficient working capital will be available for the foreseeable future.

The Group has an obligation to settle amounts due to investors for Exchange Traded Products ('ETPs') that reference the performance of specific digital assets issued. As the Group holds hedging assets in excess of this liability, the directors consider that they will be able to convert digital assets to fiat currency so as to settle the obligations in the event that certificates are redeemed and so deem a going concern risk to not be material. In addition, delays in the settlement of the certificates may be imposed or certain modifications be made in the occurrence of market illiquidity or other disruptions.

Furthermore, the directors deem the cyber security of the Group to be sufficient to mitigate cyber risk and the risk of theft of digital assets that could potentially leave the Group unhedged and exposed in its obligation to certificate holders.

Accordingly, the directors have prepared the financial statements on a going concern basis.

Post balance sheet events

The Group has launched seven new ETPs, all issued by CoinShares Digital Securities Limited ('CSDSL'). On 26 January 2022 ETPs referencing Tezos and Polkadot were launched. On 11 March 2022 an ETP referencing Cardano was launched. On 23 March 2022, an ETP referencing Solana was launched in partnership with FTX. These ETPs, which are part of the CoinShares Physical product suite, are listed on Germany's main market Börse Xetra and are designed to share the rewards of staking with investors. On 28 April 2022 an ETP referencing FTX Token was launched in partnership with FTX. On 4 May 2022 ETPs referencing Chainlink and Uniswap were launched on Börse Xetra. These ETPs have a management fee in a similar manner to the existing products at year end.

On 14 March 2022, the Group acquired an additional 20.8% stake in Swiss-based FlowBank. This acquisition was priced at CHF 24,740,000 (£20,257,103). Following this acquisition, the Group now holds 29.3% of FlowBank. Due to the quantum of the shareholding this investment is now classified as an associate and accounted for using the equity method.

Since 31 December 2021, the total market capitalisation of all cryptocurrencies in circulation declined from £1.62 trillion to £1.05 trillion on 17 May 2022, representing a decline of 35%.

This decline has an impact on the financial statements of the Group, as the majority of the Group's assets and liabilities are either digital assets, or intrinsically linked with the price of digital assets. It is noted however that these fluctuations have a limited impact on the net asset position of the Group, as the majority of assets are held in order to hedge the liability which arises from the issuance of the Group's exchange traded products. Any decrease/increase seen in the fair value of digital assets held will bring with it a corresponding decrease/increase in this liability.

Independent auditor

In accordance with the Company's articles, a resolution proposing that Baker Tilly Channel Islands Limited be reappointed as auditor of the Group will be put at a General Meeting on 20 June 2022.

The report was approved by the board on 30 May 2022 and signed on its behalf.

Jean-Marie Mognetti

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Jean-Marie Mognetti

Director

bakertilly
CHANNEL ISLANDS

INDEPENDENT AUDITOR'S REPORT

To the Members of CoinShares International Limited

Opinion

We have audited the consolidated financial statements of CoinShares International Limited (the Company and, together with its subsidiaries, the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the UK (IFRSs); and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991, as amended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jersey, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	How our audit addressed the matter	Key observations communicated to those charged with governance
Valuation of investments There is a risk that investments could be materially misstated and incorrectly disclosed in the consolidated financial statements.	We understood and evaluated the valuation methodology applied with reference to the International Private Equity and Venture Capital Valuation guidelines (IPEV), and tested the techniques used by the Directors in determining the fair value of material unquoted investments. To test the value we undertook the following: • Assessed the appropriateness of the valuation methodology used and tested the inputs either through validation to appropriate third party sources, or where relevant, assessed the reasonableness of significant estimates and judgements used; • Compared valuations of investments in funds to the most recent audited financial statements, where available; • Compared valuations to recent transactions, where relevant; and • Compared valuations to recent investments made in investee companies where there was a significant new investor.	No issues were identified that were require to be communicated to those charged with governance.
Existence and rights and obligations in respect of investments There is a risk that investments do not exist or the group does not hold title to the investment.	For each material investment held by the Group we have obtained third party confirmations.	No issues were identified that were require to be communicated to those charged with governance.
Digital asset: Existence, Rights and Obligations There is a risk that the Group does not own or control the assets which would result in a material misstatement in the consolidated financial statements.	Our substantive procedures included performing the following: • Obtained confirmations from the custodian and centralised exchanges, where available; • Stocktake of digital assets held on decentralised wallets; and • Selected a sample of the wallet addresses and agreeing a set of transactions to centralised wallets and applicable blockchains. We have also understood and evaluated the procedures relating to the process to assess the reliability of the custodian both at take on and throughout the relationship.	No issues were identified that were require to be communicated to those charged with governance.

Key audit matter	How our audit addressed the matter	Key observations communicated to those charged with governance
Digital assets – Valuation There is a risk that the value attached to the digital assets is materially misstated.	We have obtained prices used in the valuation and compared to a third-party source to determine the reasonableness of the price and the level which has been applied.	No issues were identified that were require to be communicated to those charged with governance.
ETP liabilities: Completeness, Rights and Obligations There is a risk that the ETP liability is not fully recognised which would materially misstate the consolidated financial statements.	We have obtained confirmations from the relevant third parties who issue the ETP liability certificates and compared this to the financial records to ensure the liabilities exist.	No issues were identified that were require to be communicated to those charged with governance.
ETP liability – Valuation There is a risk that the value attached to the ETP liability is materially misstated.	The valuation has been tested based on the underlying digital assets for which the certificates are issued through the testing of the digital assets.	No issues were identified that were require to be communicated to those charged with governance.

Our Application of Materiality

Materiality for the consolidated financial statements as a whole was set at £6,015000 (PY: £1,587,053), determined with reference to a benchmark of net assets, of which it represents 3% (PY: 3%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the consolidated financial statements as a whole.

Performance materiality was set at 60% (PY: 60%) of materiality for the consolidated financial statements as a whole, which equates to £3,609,000 (PY: £952,232). We applied this percentage in our determination of performance materiality because we deem the cryptocurrency activities undertaking by the Group to be high risk.

We reported to the Audit Committee any uncorrected omissions or misstatements exceeding £300,000 (PY: £127,941), in addition to those that warranted reporting on qualitative grounds.

The work on all the components was performed by the Group audit team. Of the Group's 18 (2020: 15) reporting components, including the parent company. We subjected 4 (2020: 6) to full scope audits for Group purposes.

The components within the scope of our work accounted for 96% (2020: 99%) of the Group's net asset position. The remaining 4% (2020: 1%) of the net asset position is represented by 14 (2020: 9) reporting components. For these residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

Conclusions relating to Going Concern

In auditing the consolidated financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Company's ability to continue as a going concern for a period of at least twelve months from when the consolidated financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the consolidated financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the consolidated financial statements themselves. If, based on the work performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to Report by Exception

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.
We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991, as amended, requires us to report to you if, in our opinion:

- proper accounting records have not been kept;
- proper returns adequate for the audit have not been received from branches not visited by us;
- the consolidated financial statements are not in agreement with the accounting records and returns; and
- we have not obtained all information and explanation that, to the best of our knowledge and belief, was necessary for the audit.

Responsibilities of the Directors

As explained more fully in the Directors' responsibilities statement set out on page 58, the Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- Enquiry of management to identify any instances of non-compliance with laws and regulations, including actual, suspected or alleged fraud;
- Reading minutes of meetings of the Board of Directors;
- Review of legal invoices and discussions with legal counsel;
- Review of management's significant estimates and judgements for evidence of bias;
- Review for undisclosed related party transactions;
- Using analytical procedures to identify any unusual or unexpected relationships; and
- Undertaking journal testing, including an analysis of manual journal entries to assess whether there were large and/or unusual entries pointing to irregularities, including fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Other Matters which we are Required to Address

We were appointed by the Board of Directors on 22 November 2021 to audit the consolidated financial statements. Our total uninterrupted period of engagement is 3 years.
The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group and we remain independent of the Group in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee in accordance with ISAs

Use of this Report

This report is made solely to the Members of the Company, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991, as amended. Our audit work has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its Members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ewan John Spraggon

For and on behalf of Baker Tilly Channel Islands Limited

Chartered Accountants

St Helier, Jersey

Date: 30 May 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Revenue	4	**80,754,813**	18,389,413
Gross profit		**80,754,813**	18,389,413
Administrative expenses	6	**(32,059,260)**	(14,319,582)
Loss on financial instruments	5, 27	**(2,483,773,256)**	(1,398,436,049)
Other operating income	4	**14,665,375**	607,035
Operating loss		**(2,420,412,328)**	(1,393,759,183)
Gain on investments	14	**5,577,984**	1,473,783
Profit on disposal of subsidiaries	14	**-**	163,305
Share of joint ventures losses	14	**(290,861)**	(531,419)
Loss before interest and income tax expense		**(2,415,125,205)**	(1,392,653,514)
Finance income	9	**10,905,234**	3,792,762
Finance costs	10	**(7,045,382)**	(1,210,998)
Loss before income tax expense		**(2,411,265,353)**	(1,390,071,750)
Income tax expense	11	**(1,056,353)**	(401,363)
Loss after income tax expense		**(2,412,321,706)**	(1,390,473,113)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	21	**1,756,423**	(1,888,549)
		1,756,423	(1,888,549)
Items that may be reclassified subsequently to profit or loss			
Fair value gain on digital assets	5, 21	**2,521,823,193**	1,410,871,740
Fair value gain on financial instruments	5, 27	**106,288**	-
Fair value gain on investments	14	**2,079,240**	46,323
		2,524,008,721	1,410,918,063
Total other comprehensive income		**2,525,765,144**	1,409,029,514
Total comprehensive income		**113,443,438**	18,556,401
Loss after income tax expense attributable to:			
Owners of the Company		*(2,412,321,706)*	*(1,262,981,413)*
Non-controlling interests	*22*	*-*	*(127,491,700)*
		(2,412,321,706)	*(1,390,473,113)*
Other comprehensive income attributable to:			
Owners of the Company		*2,525,765,144*	*1,279,868,550*
Non-controlling interests	*22*	*-*	*129,160,964*
		2,525,765,144	*1,409,029,514*
Earnings per share			
Basic	24	**(36.24)**	(21.68)
Diluted	24	**(36.24)**	(21.68)

All results are derived from continuing operations.

The notes on pages 73 to 134 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	31 December 2021 £	31 December 2020 £	1 January 2020 £
ASSETS				
Non-current assets				
Property, plant and equipment	12	**836,299**	1,423,517	2,027,521
Digital assets	13	**2,688,859**	-	-
Goodwill	13	**6,412,800**	35,440	36,457
Other intangible assets	13	**11,685,861**	20,100	6,870
Investments	14	**23,689,517**	3,592,402	5,549,536
Trade receivables and other assets	16	**1,175,895**	329,315	322,678
		46,489,231	5,400,774	7,943,062
Current assets				
Trade receivables and other assets	16	**1,063,415,358**	62,233,824	26,970,534
Digital assets	13	**2,761,629,509**	1,826,694,524	427,524,070
Cash at bank	15	**10,775,650**	2,265,817	2,350,042
Amounts due from brokers	15	**118,975,658**	66,517,815	39,405,202
		3,954,796,175	1,957,711,980	496,249,848
Total assets		**4,001,285,406**	1,963,112,754	504,192,910
LIABILITIES				
Current liabilities				
Trade payables and other liabilities	17	**(3,505,675,430)**	(1,792,883,499)	(419,287,953)
Amounts due to brokers	15	**(292,706,977)**	(112,120,817)	(37,630,992)
Lease liabilities	19	**(210,356)**	(395,010)	(404,578)
Current tax liabilities	11	**(2,578,333)**	(397,690)	(265,803)
		(3,801,171,096)	(1,905,797,016)	(457,589,326)
Net current assets		**153,625,079**	51,914,964	38,660,522
Non-current liabilities				
Lease liabilities	19	**(101,157)**	(791,784)	(1,207,121)
		(101,157)	(791,784)	(1,207,121)
Total liabilities		**(3,801,272,253)**	(1,906,588,800)	(458,796,447)
Net assets		**200,013,153**	56,523,954	45,396,463
EQUITY				
Share capital	20	**33,766**	31,278	2,214,801
Share premium	20	**30,781,210**	2,387,070	110,610
Other reserves	21	**(2,797,090,363)**	1,209,832,600	168,812,966
Retained earnings	21	**2,966,288,540**	(1,155,726,994)	(125,741,914)
Total equity		**200,013,153**	56,523,954	45,396,463
Equity attributable to the owners of the Company		**200,013,153**	56,523,954	44,781,353
Non-controlling interests		**-**	-	615,110
		200,013,153	56,523,954	45,396,463

The financial statements on pages 67 to 72 were approved and authorised for issue by the board of directors and signed on its behalf by:

Jean-Marie Mognetti

Jean-Marie Mognetti
Director
Date: 30 May 2022

The notes on pages 73 to 134 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total equity £	Attributable to the owners of the Company £	Non-controlling interest £
At 1 January 2020		**2,214,801**	**110,610**	**168,812,966**	**(125,741,914)**	**45,396,463**	**44,781,353**	**615,110**
Loss for the year		-	-	-	(1,390,473,113)	**(1,390,473,113)**	(1,262,981,413)	(127,491,700)
Other comprehensive income for the year		-	-	1,408,983,191	46,323	**1,409,029,514**	1,279,868,550	129,160,964
Total comprehensive income		**-**	**-**	**1,408,983,191**	**(1,390,426,790)**	**18,556,401**	**16,887,137**	**1,669,264**
Shares issued	20	2,750	2,276,460	-	-	**2,279,210**	2,279,210	-
Shares redeemed	20	(2,186,273)	-	-	287	**(2,185,986)**	(2,185,986)	-
Share based payments	7, 25	-	-	308,446	-	**308,446**	308,446	-
Distribution to owners	14	-	-	-	(5,382,901)	**(5,382,901)**	(5,382,901)	-
Total transactions with owners recognised in equity		**(2,183,523)**	**2,276,460**	**308,446**	**(5,382,614)**	**(4,981,231)**	**(4,981,231)**	**-**
Acquisition of non-controlling interest	22	-	-	-	(2,284,374)	**(2,284,374)**	-	(2,284,374)
Foreign operation exchange gains recycled through profit or loss on disposal	21	-	-	(163,305)	-	**(163,305)**	(163,305)	-
Transfer of revaluation reserve upon disposal of digital assets	21	-	-	(368,108,698)	368,108,698	**-**	-	-
Total other changes in equity		**-**	**-**	**(368,272,003)**	**365,824,324**	**(2,447,679)**	**(163,305)**	**(2,284,374)**
At 31 December 2020		**31,278**	**2,387,070**	**1,209,832,600**	**(1,155,726,994)**	**56,523,954**	**56,523,954**	**-**
Loss for the year		-	-	-	(2,412,321,706)	**(2,412,321,706)**	(2,412,321,706)	-
Other comprehensive income for the year		-	-	2,523,579,616	2,185,528	**2,525,765,144**	2,525,765,144	-
Total comprehensive income		**-**	**-**	**2,523,579,616**	**(2,410,136,178)**	**113,443,438**	**113,443,438**	**-**
Shares issued	20	2,488	28,394,140	-	-	**28,396,628**	28,396,628	-
Share based payments	7, 25	-	-	1,649,133	-	**1,649,133**	1,649,133	-
Total transactions with owners recognised in equity		**2,488**	**28,394,140**	**1,649,133**	**-**	**30,045,761**	**30,045,761**	**-**
Transfer of revaluation reserve upon disposal of digital assets	21	-	-	(6,532,151,712)	6,532,151,712	**-**	-	-
Total other changes in equity		**-**	**-**	**(6,532,151,712)**	**6,532,151,712**	**-**	**-**	**-**
At 31 December 2021		**33,766**	**30,781,210**	**(2,797,090,363)**	**2,966,288,540**	**200,013,153**	**200,013,153**	**-**

The notes on pages 73 to 134 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (1/2)

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Loss after income tax expense		**(2,412,321,706)**	(1,390,473,113)
Adjustments for:			
- Depreciation of property, plant and equipment	12	**395,849**	646,759
- Amortisation of intangible assets	13	**874,180**	1,975
- Share-based payment expense		**1,649,133**	308,446
- Finance income	9	**(10,905,234)**	(3,792,762)
- Finance costs	10	**7,045,382**	1,210,998
- Income tax expense		**1,056,353**	401,363
- Gain on financial instruments settled through digital assets	5	**(22,168,051)**	(16,490,352)
- (Gain)/Loss on other financial instruments	5	**(21,627,383)**	(25,642.310)
- Foreign operation exchange gains recycled through profit or loss on disposal	21	**-**	(163,305)
- Gain on investments		**(5,577,984)**	(1,473,783)
- Share of joint venture losses		**290,861**	531,419
		(2,461,288,600)	(1,434,934,665)
Changes in working capital:			
- Trade receivables and other assets		**(958,123,439)**	(12,845,111)
- Trade payables and other liabilities		**1,668,742,767**	1,465,692,367
Cash (used in)/generated from operations		**(1,750,699,272)**	17,912,591
Finance costs paid		**(7,042,292)**	(1,191,403)
Income taxes paid	10	**(387,978)**	(269,327)
Net cash flow (used in)/generated from operating activities		**(1,758,099,542)**	16,451,861
Cash flows from investing activities			
Net sales/(purchases) of digital assets	13	**1,632,502,984**	(65,115,973)
Purchases of intangible assets	13	**(182,364)**	(15,205)
Purchases of property, plant and equipment	12	**(216,544)**	(65,160)
Disposals of property, plant and equipment	12	**-**	7,915
Acquisition of subsidiaries	23	**(2,064,753)**	-
Proceeds on disposal of subsidiaries		**7,796**	(84)
Acquisition of investments in joint ventures		**(755,902)**	(412,154)
Acquisition of other investments		**(11,760,563)**	(3,651,548)
Proceeds on disposal of other investments		**-**	677,043
Net (purchases)/disposals of listed equities		**(212,846)**	881,505
Finance income	9	**10,905,233**	3,792,762
Net cash generated from/(used in) investing activities		**1,628,223,041**	(63,900,899)

CONSOLIDATED STATEMENT OF CASH FLOWS (2/2)

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Cash flows from financing activities			
Issue of shares	20	**12,766,244**	-
Redemption of shares	20	**-**	(2,185,986)
Repayment of lease liabilities		**(211,876)**	(429,271)
Net cash generated from/(used in) financing activities		**12,554,368**	(2,615,257)
Net decrease in cash and cash equivalents		**(117,322,133)**	(50,064,295)
Cash and cash equivalents			
At the beginning of the year		**(43,337,185)**	4,124,252
Effects of currency translation on cash and cash equivalents		**(2,296,351)**	2,602,858
At the end of the year		**(162,955,669)**	(43,337,185)
Cash and cash equivalents comprise			
Cash at bank		**10,775,650**	2,265,817
Amounts due from brokers		**118,975,658**	66,517,815
Amounts due to brokers		**(292,706,977)**	(112,120,817)
At the end of the year		**(162,955,669)**	(43,337,185)
Non-cash analysis			
Cash flows from investing activities			
Acquisition of subsidiaries	14, 23	**(15,630,384)**	(2,279,210)
Disposal of subsidiaries *		**-**	(69,714)
Disposal of investments *		**-**	5,452,615
Cash flows from financing activities			
Issue of shares	20, 23	**15,630,384**	2,279,210
Distribution to owners *		**-**	(5,382,901)
Total		-	-

* Distribution to owners relates to the distribution in kind of GVL to owners.

The notes on pages 73 to 134 are an integral part of these financial statements.

ALTERNATIVE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

The alternative presentation of the SOCI is designed to reflect the performance of the Group if gains on digital assets were taken through profit and loss at fair value, rather than through Other Comprehensive Income. Due to the treatment of digital assets as intangibles and the gains and losses recognised as a result, it is the opinion of management that the total comprehensive income figure, inclusive of digital asset gains and losses, is the most representative measure of the Group's overall performance. No other adjustments have been made.

	Notes	2021 £	2020 £
Revenue	4	**80,754,813**	18,389,413
Gross profit		**80,754,813**	18,389,413
Administrative expenses	6	**(32,059,260)**	(14,319,582)
Loss on financial instruments	5, 27	**(2,483,773,256)**	(1,398,436,049)
Fair value gain on digital assets	5, 21	**2,521,823,193**	1,410,871,740
Other operating income	4	**14,665,375**	607,035
Operating profit		**101,410,865**	17,112,557
Gain on investments	14	**5,577,984**	1,473,783
Profit on disposal of subsidiaries	14	**-**	163,305
Share of joint ventures losses	14	**(290,861)**	(531,419)
Profit before interest and income tax expense		**106,697,988**	18,218,226
Finance income	9	**10,905,234**	3,792,762
Finance costs	10	**(7,045,382)**	(1,210,998)
Profit before income tax expense		**110,557,840**	20,799,990
Income tax expense	11	**(1,056,353)**	(401,363)
Profit after income tax expense		**109,501,487**	20,398,627
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	21	**1,756,423**	(1,888,549)
		1,756,423	(1,888,549)
Items that may be reclassified subsequently to profit or loss			
Fair value gain on investments	14	**2,079,240**	46,323
Fair value gain on financial instruments		**106,288**	-
		2,185,528	46,323
Total other comprehensive income		**3,941,951**	(1,842,226)
Total comprehensive income		**113,443,438**	18,556,401
Adjusted earnings per share			
Basic	24	**1.70**	0.29
Diluted	24	**1.62**	0.29

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements ("financial statements").

1. General information

CoinShares International Limited (the 'Company') and its subsidiaries (together the 'Group') primarily operates in Jersey, Channel Islands (see note 14 for other jurisdictions in which the Group operates). The principal activity of the Group is providing exposure to the digital asset ecosystem via a range of financial products and services, supported by its technology stack and team.

The Company is a public company limited by shares and is incorporated and domiciled in Jersey. The address of its registered office is 2nd Floor, 2 Hill Street, St Helier, Jersey JE2 4UA.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with UK-adopted International Financial Reporting Standards ('IFRS') and the Companies (Jersey) Law 1991.

For all periods up to and including the year ended 31 December 2020, the Group prepared its financial statements in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ('FRS 102') and the Companies (Jersey) Law 1991. These financial statements for the year ended 31 December 2021 are the first the Group has prepared in accordance with IFRS. Refer to accounting policy 2.25 for information on how IFRS has been adopted.

The consolidated Group financial statements are presented in Pound Sterling. Monetary amounts in these financial statements are rounded to the nearest pound, except when otherwise indicated.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group accounting policies, see note 2.26 for further details.

The following principal accounting policies have been applied:

2.2 Separate financial statements

Under Article 105(11) of the Companies (Jersey) Law 1991, the directors of a holding company need not prepare separate financial statements. Accordingly, these financial statements present the results of the Group headed by the Company.

2.3 Going concern basis

The Group had net assets of £200,013,153 (31 December 2020: £56,523,954, 1 January 2020: £45,396,463), an operating loss of £2,420,412,328 (2020: loss of £1,393,759,183), and total comprehensive income of £113,443,438 (2020: £18,556,401). The directors have prepared these financial statements on a going concern basis on the understanding that they have satisfied themselves that sufficient working capital will be available for the foreseeable future.

The Group has an obligation to settle amounts due to investors for ETPs that reference the performance of specific digital assets issued. As the Group holds hedging assets in excess of this liability, the directors consider that they will be able to convert digital assets to fiat currency so as to settle the obligations in the event that certificates are redeemed and so deem a going concern risk to not be material. In addition, delays in the settlement of the certificates may be imposed or certain modifications be made in the occurrence of market illiquidity or other disruptions.

Furthermore, the directors deem the cyber security of the Group to be sufficient to mitigate cyber risk and the risk of theft of digital assets that could potentially leave the Group unhedged and exposed in its obligation to certificate holders.

Accordingly, the directors have prepared the financial statements on a going concern basis.

2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote rights;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation are initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets, or the fair value of the acquiree, on an acquisition by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards).

2.5 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree, or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2.6 Goodwill

Goodwill is initially recognised and measured as set out in note 2.5.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.7 Investments in associates and joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the Group consolidated financial statements the results and assets and liabilities of associates or joint ventures are incorporated using the equity method of accounting, unless the investee is held indirectly through a venture capitalist organisation in which case the investment is measured at fair value through profit or loss.

Under the equity method, an investment in an associate or a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture accounted for under the equity method. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

2.8 Other investments

In the consolidated financial statements of the Group, investments in listed equities and other investments are held at fair value through profit or loss except where the directors have made an irrevocable claim to designate fair value movements through other comprehensive income.

2.9 Fair value measurement

The Group measures financial instruments such as ETPs, and non-financial assets such as digital assets, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability accessible by the Group.

The fair value hierarchy under IFRS is set out as follows:

- Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the Group can access at the measurement date.

- Level 2 – Inputs other than quoted prices included in Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 – Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

On a quarterly basis, the board of directors analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies.

Investment valuations are subject to several key judgements and reflect both local and external economic factors. In selecting the investment valuation criteria, the directors evaluate the key drivers relevant to each investment in conjunction with local partners, supported, wherever practicable, by local market data. As such, fair value measurements for investment valuations have been classified as Level 2 or Level 3 depending on the information available. More information is given in notes 2.19, 2.21 and 14.

Refer to accounting policies 2.19 and 2.21 for the fair value policies as they apply respectively to the Group's digital assets and to certain of the Group's financial instruments, including ETPs. For all other assets and liabilities measured at fair value, the directors perform an internal valuation exercise to determine fair value using methodologies disclosed in the Group Investment Valuation Policy.

Fair value disclosures are summarised in the following notes:

Digital assets	Note 13
Investments	Note 14
Financial instruments	Note 27

2.10 Revenue recognition

The Group earns revenue by issuing ETPs which synthetically track the performance of digital assets under various note programmes. The Group earns fee income, which may vary depending on the note programme, based on the market value of the ETP. The Group recognises the fee income as revenue because it arises on a daily basis over the period that the ETP is outstanding.

The XBT Provider AB (publ) ('XBTP') note program fee revenue is recognised on a daily basis, denominated in fiat, by means of a reduction in the liability owing to the ETP holder. Due to the structure of the XBTP ETPs, and the way in which the Group elects to hedge the liability arising from the issuance of these ETPs, the revenue remains held as part of the overall hedging asset balance until such a time that notes are redeemed, at which point the cash is realised. There is no digital asset exposure risk attached to the revenue that remains held within the hedging assets between recognition and redemption.

The CSDSL note program fee revenue is recognised on a daily basis, denominated in digital assets, by means of a reduction in the coin entitlement, owing to the ETP holder. These revenues are converted on a regular basis into fiat in order to ensure the Group's revenues arising from CSDSL are not exposed to digital asset price fluctuations.

Digital assets received as a result of staking activities and airdrops are initially recognised within other operating income. Following initial recognition, such digital assets are valued in accordance with the Group's policy on digital assets, with unrealised gains being recognised in other comprehensive income, and losses recognised through profit and loss, unless such a loss is reversing a gain previously recognised through other comprehensive income.

The Group also earns revenue from the provision of investment management and advisory services. Revenue is recognised when the performance obligation has been satisfied by transferring the promised services to the customer on a straight line basis over the period during which the service is provided.

2.11 Leases

The Group as lessee

On commencement of a contract (or part of a contract) which gives the right to use an asset for a period of time in exchange for consideration, the group recognises a right-of-use asset and a lease liability unless the lease qualifies as a 'short-term' lease or a 'low-value' lease.

Short-term leases
Where the lease term is twelve months or less and the lease does not contain an option to purchase the leased asset, lease payments are recognised as an expense on a straight-line basis over the lease term.

Leases of low-value assets
Where the underlying asset in a lease is 'low-value', lease payments are recognised as an expense on a straight-line basis over the lease term.

Initial measurement of the lease liability
The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the incremental borrowing rate because the interest rate implicit in the lease cannot be readily determined.

The lease term is the non-cancellable period of the lease plus extension periods that are reasonably certain to exercise and termination periods that are reasonably certain not to exercise.

Lease payments include fixed payments, less any lease incentives receivable, variable lease payments dependent on an index or a rate and any residual value guarantees. Variable lease payments are initially measured using the index or rate when the leased asset is available for use.

Subsequent measurement of the lease liability
The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments. Interest on the lease liability is recognised in profit or loss.

Re-measurement of the lease liability
The lease liability is adjusted for changes arising from the original terms and conditions of the lease that change the lease term, the assessment of options to purchase the leased asset, the amount expected to be payable under a residual value guarantee and/or changes in lease payments due to a change in an index or rate. The adjustment to the lease liability is recognised when the change takes effect and is adjusted against the right-of-use asset, unless the carrying amount of the right-of-use asset is reduced to nil, when any further adjustment is recognised in profit or loss.

Adjustments to the lease payments arising from a change in the lease term or the assessment of its option to purchase the leased asset are discounted using a revised discount rate. The revised discount rate is calculated as the incremental borrowing rate at the date of the reassessment because the interest rate implicit in the lease cannot be readily determined.

Lease modifications
A lease modification is a change that was not part of the original terms and conditions of the lease and is accounted for as a separate lease if it increases the scope of the lease by adding the right to use one or more additional assets with a commensurate adjustment to the payments under the lease.

For a lease modification not accounted for as a separate lease, the lease liability is adjusted for the revised lease payments, discounted using a revised discount rate.

Where the lease modification decreases the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease. Any difference between the adjustment to the lease liability and the adjustment to the right-of-use asset is recognised in profit or loss.

For all other lease modifications, the adjustment to the lease liability is recognised as an adjustment to the right-of-use asset.

The Group as lessor

Leases are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.12 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency of the relevant Group entity using the exchange rates prevailing at the dates of the transactions.

At each reporting date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency of the relevant Group entity at the closing exchange rate. Non-monetary assets and liabilities denominated in a foreign currency, and measured at historical cost, are initially translated into the functional currency of the relevant Group entity at the date of the transaction, and are not subsequently re-translated. Non-monetary assets and liabilities denominated in a foreign currency, and measured at fair value, are measured using the exchange rate at each date the fair value is determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss.

Foreign exchange gains and losses from the translation of assets and liabilities measured at fair value are recognised as part of the fair value gain or loss.

Translation

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's overseas subsidiaries are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of an overseas subsidiary all of the exchange differences accumulated in a foreign currency translation reserve in respect of that subsidiary attributable to the owners of the Group are reclassified to profit or loss.

2.13 Retirement benefits

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to profit or loss in the year they are payable. The assets of the scheme are held separately from those of the Group in an independently administered fund.

2.14 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Short term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

The Group may compensate employees for absence for various reasons including vacation, sickness and parental leave. There is non-accumulating compensation of absence and this does not carry forward; it will lapse if the current period's entitlement is not used in full, therefore the Group does not recognise a liability or expense until the time of absence.

Annual bonus plan
The Group operates a bonus plan for employees. An expense is recognised in profit and loss when the Group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

2.15 Share based payments

Employee incentive share plan
Equity-settled arrangements are measured at fair value at the date of the grant.

The fair value determined at grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Where equity-settled arrangements are modified, and are of some benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payments. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in profit and loss.

The Group has no cash-settled share-based payment arrangements.

2.16 Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The taxation charge is based on the profit for the year as adjusted for tax purposes. The Company pays tax at 0%, the standard Jersey tax rate. Entities within the Group pay tax at various rates throughout the jurisdictions, as described in note 11.

2.17 Property, plant and equipment

Assets are initially recognised at cost and subsequently measured at cost, net of depreciation and any impairment losses. Cost includes the original purchase price plus costs directly attributable to bringing the asset to its working condition for its intended use.

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit and loss as incurred.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Furniture and fittings	3 years
Office equipment	3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each year end. The effects of any revision are recognised in profit and loss when the changes arise.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss in the period of disposal.

2.18 Right-of-use assets

A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the Group.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. Right-of-use assets are depreciated straight line over the following useful economic periods:

Right-of-use property assets	shorter period of the remaining lease term and the useful economic life

The right-of-use asset is adjusted for any re-measurement of the lease liability and lease modifications, as set out in the lease accounting policy.

2.19 Intangible assets

Digital assets

Digital assets are accounted for as intangible assets under the revaluation model.

Under IFRS, most intangible assets other than goodwill are presumed to have a finite life. However, in the case of the majority of digital assets held by the Group, the residual value is equal to the carrying value, because (i) there is an active market, (ii) it is probable that the market will exist and (iii) the residual value can be determined by reference to the market. As such digital assets are not amortised.

The overarching accounting policy that is adopted in respect of valuing the Group's digital assets is as follows:

- Digital assets which are freely tradeable and for which there is an active market are valued using unadjusted quoted prices, or an average of unadjusted quoted prices, taken from active markets. As such, these digital assets are classified as Level 1 in the fair value hierarchy;
- Digital assets that are subject to lock-up and not freely tradeable are valued using quoted prices discounted for a lack of liquidity. As such these digital assets have been classified as Level 2 in the fair value hierarchy. At the point when such digital assets become freely tradeable, they are reclassified as Level 1 in the fair value hierarchy and accounted for in line with other digital assets;
- In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The directors' assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and it considers factors specific to the asset;

- Increases in the fair value of digital assets are recognised in other comprehensive income, unless the increase reverses a revaluation loss previously recognised in profit and loss, in which case such an amount is recognised in profit and loss;
- A decrease in the carrying value of a digital asset as a result of a revaluation loss is recognised in other comprehensive income to the extent that it reverses gains previously recognised in other comprehensive income. If a revaluation loss exceeds the accumulated gains recognised in equity in respect of digital assets, the excess is recognised in profit and loss and;
- Digital assets are derecognised when the Group has transferred substantially all the risks and rewards of ownership on disposal. On disposal of digital assets, any cumulative gain previously recognised in other comprehensive income and accumulated in the revaluation reserve, is transferred to retained earnings.

The Group holds digital assets for different purposes, namely (i) to collateralise the exchange traded products issued by its wholly owned subsidiary CSDSL, (ii) to hedge the liability arising from the issuance of exchange traded products by its wholly owned subsidiary XBTP, and (iii) as investments.

Within CSDSL the digital assets are held in order to collateralise a number of exchange traded products. The exchange traded products are re-measured using reference indices as defined in the relevant prospectus for such products. The digital assets are valued using the same methodology, relying on an unadjusted index price. This prevents an accounting mismatch between the valuation of the digital assets and the certificates held.

Within CoinShares Capital Markets (Jersey) Limited ('CSCMJL'), Bitcoin and Ethereum are valued by the Company based on the average price of the three most liquid exchanges as defined in the XBTP prospectus at the date of valuation. Although these valuations are ultimately derived from a number of sources, the sources themselves are unadjusted and would each represent a Level 1 classification within the fair value hierarchy. As such, these holdings have been classified as Level 1. Should the average price of the three exchanges utilised show a material difference to any of the prices from an individual exchange, the classification of these assets as Level 1 would be reassessed.

All other digital asset holdings within CSCMJL and held by other Group entities are valued by the Company based on an adjusted price derived from a global cryptocurrency market data provider.

On consolidation, no adjustments are made to these valuation approaches to create an alignment at the Group level. The directors consider that the assets held by each subsidiary are sufficiently different (and are therefore separate classes) insofar as they are being held for different purposes, and in the case of those held to hedge/collateralise exchange traded products, have a corresponding liability. This approach ensures the prevention of an accounting mismatch between the valuation of the digital assets and certificates held.

This approach also reflects the prices that represent the most advantageous market available to sell each class of asset. The CSDSL digital assets are restricted to only being tradeable for a defined financial instrument (the ETP liability), the fair values of which are defined by the CSDSL prospectus. The XBTP assets are tradeable on any exchange, therefore the average price of three exchanges (as defined in the prospectus) represents our best estimate of the most advantageous market price.

Separately acquired intangible assets

Separately acquired intangible assets have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation of the depreciable amount is allocated systematically on the basis of the consumption of economic benefits over their estimated useful lives.

Amortisation is provided on the following basis:

Website and trademarks	10 years

The estimated useful life and amortisation method are reviewed at the end of each year, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Amortisation is provided on the following basis:

Fee generating contracts	10 years

The estimated useful life and amortisation method are reviewed at the end of each year, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally developed software

Expenditure on the research phase of projects to develop new customised software is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet all of the following recognition requirements:

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Group intends to and has sufficient resources to complete the project;
- the Group has the ability to use or sell the software; and
- the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs.

Subsequent measurement

All finite-life intangible assets, including capitalised internally developed software, are accounted for using the cost model whereby the depreciable amount is amortised systematically on the basis of the consumption of economic benefits over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The following useful lives are applied:

Software	3-5 years

Any capitalised internally developed software that is not yet complete is not amortised but is subject to impairment testing.

Amortisation has been included within administrative expenses.

Subsequent expenditures on the maintenance of these assets are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other gains or losses.

Impairment of non-financial assets

Goodwill impairment is covered in the goodwill accounting policy. All other non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

If such an indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of value in use and fair value less costs of disposal. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as a credit to profit and loss.

2.20 Cash and cash equivalents

Cash at bank

Cash at bank consists of balances with banks and are classified as basic financial assets with a maturity of three months or less.

Cash deposits with financial institutions are repayable without penalty on notice of not more than 24 hours.

Amounts due from/to brokers

Amounts due from/to brokers represent cash receivable from/payable to brokerage firms, arising due to the ongoing trading activities of the Group, and are classified as cash equivalents.

Other cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

2.21 Financial instruments

Certain of the Group's ETPs, and other derivative contracts, are settled in digital assets and therefore do not meet the definition of a financial instrument set out in IFRS 9. In all other respects they operate in the same way as an equivalent contract settled in cash. The Group has determined that the accounting policies for these contracts are the same as they would be for an equivalent contract settled in cash and meeting the definition of a financial instrument. These contracts are referred to as 'financial instruments' in the financial statements and are analysed as such in the Financial instruments disclosure note (note 27).

Financial assets

The accounting policy for non-current asset investments where the Group does not have control or significant influence, which are financial assets accounted for under IFRS 9, is included in accounting policies 2.8 and 2.9.

Initial recognition and measurement
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs. Trade receivables are initially measured at the transaction price.

Subsequent measurement
Subsequently the Group's financial assets are classified into several categories:
• Financial assets measured at amortised cost;
• Financial assets measured at fair value through profit or loss; and
• Financial assets measured at fair value through other comprehensive income.

Financial assets at amortised cost and effective interest model
The effective interest method is a method of calculating the amortised cost a debt instrument and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Financial assets at amortised cost held by the Group include right-of-use lease assets.

Financial assets at fair value through profit or loss
Financial assets classified as current assets are measured at fair value through profit or loss. The fair value basis is measured using the fair value hierarchy.

Financial assets at fair value through other comprehensive income
Financial assets measured at fair value through other comprehensive income fall into three categories.

Simple Agreements for Future Tokens ('SAFTs')
Such agreements stipulate the delivery of digital assets to the Group on a specified date or following the occurrence of a defined event. SAFTs are classified as digital asset receivables. SAFTs which represent future ownership over tokens that do not have an active market, or have not yet been launched, are held at cost until such a time when the tokens over which rights exist are delivered, at which point they are classified as digital assets and valued in accordance with the Group's policy for digital assets. SAFTs which represent future ownership over tokens that do have an active market are carried at fair value through other comprehensive income until such a time when the tokens over which rights exist are delivered, at which point they are classified as digital assets and valued in accordance with the Group's policy for digital assets.

SAFTs are monitored on an ongoing basis. In the event that the ultimate delivery of the tokens is called into question, or the likely value of the token holding is deemed to be lower than initial cost, the receivable will be impaired with such charge being taken through profit and loss.

Simple Agreements for Future Equity ('SAFEs')
Such agreements stipulate the delivery of equity to the Group on a specified date or following the occurrence of a defined event. SAFEs are classified as receivables and held at cost until such a time when the equity is delivered, at which point they are classified as investments and are valued in accordance with the Group's investment valuation policy.

SAFEs are monitored on an ongoing basis. In the event that the ultimate delivery of the equity is called into question, or the likely value of the equity holding is deemed to be lower than initial cost, the receivable will be impaired with such charge being taken through profit and loss.

Investments value through Other Comprehensive Income
Certain balances which are classified as investments held by the Group represent carried interest receivables due from funds. Due to the lack of clarity around the timing of ultimate receipt of these amounts, these investments are revalued through other comprehensive income until such a time when the receivable is realised.

Impairment of financial assets measured at amortised cost

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

The measurement of impairment losses depends on whether the financial asset is 'performing', 'underperforming' or 'non-performing' based on the Group's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year-end which have a detrimental impact on cash flows. The financial asset moves from 'performing' to 'underperforming' when the increase in credit risk since initial recognition becomes significant.

In assessing whether credit risk has increased significantly, the Group compares the risk of default at the year-end with the risk of a default when the financial asset was originally recognised using reasonable and supportable past and forward-looking information that is available without undue cost. The risk of a default occurring takes into consideration default events that are possible within 12 months of the year-end ("the 12-month expected credit losses") for 'performing' financial assets, and all possible default events over the expected life of those debtors ("the lifetime expected credit losses") for 'underperforming' financial assets.

Impairment losses and any subsequent reversals of impairment losses are adjusted against the carrying amount of the financial asset and are recognised in profit and loss.

For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on a default based on the ageing of the debtor. The risk of a default occurring always takes into consideration all possible default events over the expected life of those debtors ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

Derecognition of financial assets

Financial assets, or a part thereof, are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Group transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

When there is no reasonable expectation of recovering a financial asset it is derecognised. The gain or loss on derecognition is recognised in profit and loss.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deduction of all its liabilities.

Financial liabilities are initially recognised at fair value, which is normally equivalent to transaction price, less transaction costs.

Subsequent measurement

Subsequently the Group's financial liabilities are classified into two categories:
• Financial liabilities measured at amortised cost; and
• Financial liabilities measured at fair value through profit or loss.

Financial liabilities at amortised cost
Financial liabilities that are not (i) held for trading, or (ii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial liabilities at amortised cost held by the Group include loans payable with contractual cashflows and lease liabilities.

Financial liabilities at fair value through profit or loss
Financial liabilities not held at amortised cost and whose business objectives are not achieved through trading or contractual cashflows are measured at fair value through profit or loss.

Financial liabilities at fair value through profit or loss held by the Group include amounts due to the holders of Group issued ETPs.

Liabilities arising in connection with ETPs issued by the Group referencing the performance of digital assets are measured at fair value through profit or loss. Their fair value is a function of the unadjusted quoted price of the digital asset underlying the ETP, less any accumulated management fees, measured as described in note 2.19.

The fair value basis is consistent with the measurement of the underlying digital assets which are considered Level 1 under the fair value hierarchy.

Derecognition of financial liabilities

Financial liabilities (or part thereof) are derecognised when, and only when, the Group's obligations are discharged, cancelled, or they expire. Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

2.22 Equity instruments

Ordinary shares, redeemable shares and liquidation shares are all classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

2.23 Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

2.24 New and revised IFRS standards in issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the current or future reporting periods and on foreseeable future transactions.

2.25 First-time adoption of IFRS

These financial statements for the year ended 31 December 2021 are the first the Group has prepared in accordance with IFRS. Accordingly, the Group has prepared financial statements that comply with IFRS applicable as at 31 December 2021, together with the comparative period data for the year ended 31 December 2020, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared as at 1 January 2020, the date of transition to IFRS. This note explains the principal adjustments made in restating the Group's FRS 102 financial statements, including the statement of financial position as at 1 January 2020 and the financial statements as at, and for, the year ended 31 December 2020.

Exemptions applied

IFRS 1 allows first-time adopters certain mandatory and non-mandatory exemptions from the retrospective application of certain requirements of IFRS. The following exemptions have been applied:

IFRS 3 Business Combinations
IFRS 3 Business Combinations has not been applied to either acquisitions of subsidiaries or acquisitions of interests in associates and joint ventures that occurred before 1 January 2020. Use of this exemption means that FRS 102 carrying amounts of assets and liabilities, that are required to be recognised under IFRS, are their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognise any assets or liabilities that were not recognised under FRS 102 or exclude any previously recognised amounts as a result of IFRS recognition requirements.

The Group has taken the exemption under IFRS 1 to recognise the FRS 102 carrying amount of goodwill in the opening IFRS statement of financial position. In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS. There was no impairment recognised on goodwill at 1 January 2020.

IFRS 10 Consolidated Financial Statements
Because the Group has not applied IFRS 3 to its past business combinations, the requirements for the measurement of non-controlling interests under IFRS 10 'Consolidated Financial Statements' ('IFRS 10') have been applied prospectively from the date of transition.

IFRS 16 Leases
The Group assessed all contracts existing at 1 January 2020 to determine whether a contract contains a lease based upon the conditions in place as at 1 January 2020.

Lease liabilities were measured at 1 January 2020 at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020. Right-of-use assets were measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2020. The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS (1 January 2020) have been recognised as an expense on either a straight-line basis over the lease term or another systematic basis.

2.26 Judgements and sources of estimation uncertainty

The preparation of the Group financial statements requires management to make judgements, estimates and assumptions in applying accounting policies to determine the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may significantly differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical Judgements

Accounting treatment of digital assets
In the absence of any specific accounting standard dealing with digital assets, the directors have exercised critical judgement in classifying the Group's digital assets, comprising principally of crypto-currency, as intangible assets. IFRS contains no explicit definition of the terms 'cash' or 'currency' but it is currently accepted practice under IFRS that crypto-currency should not be considered as such, this is on the basis that it lacks some of the common properties of cash and currency. Digital assets do not meet the definition of a financial instrument because there is no right to receive cash (or another financial asset), and classification as inventory is not appropriate because the Group's digital assets are not held for sale in the ordinary course of business. The Group holds digital assets for the purpose of hedging and the directors have determined that the assets meet the definition of an intangible asset under IAS 38 'Intangible Assets'. Refer to note 2.19 for further details on the Group's accounting policy.

Measurement of IFRS 16 lease liabilities and right-of-use assets
The directors have exercised a number of judgements in order to measure lease liabilities and right-of-use assets under IFRS 16, including the determination of the lease term and discount rate. Note 19 provides further detail on these judgements. The carrying value of the lease liabilities and right-of-use assets at the reporting date are shown on the face of the Statement of Financial Position and note 12 respectively.

Valuation of investments
The fair value of financial instruments, including investments, that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. See note 14 for further information on how valuation has been applied.

Key accounting estimates and assumptions

Share based payment costs
The fair value of share options under the employee incentive plan are estimated using the fair value at the grant date. The fair value of share options is calculated using the Black-Scholes method and incorporates a number of key estimations and assumptions. The share based payment expense charged to profit or loss during the year and key inputs entered into the Black-Scholes model are disclosed in note 25.

3. Operating segments

The Group comprises four core operating segments from which it earns both revenues/ gains and incurs expenses, being:

- Asset Management - fees generated on XBTP and CSDSL exchange traded products and the Group's Block Index, together with associated costs.
- Capital Markets - trading gains generated by the capital markets team through the execution of ETP hedging, digital asset lending and other activities, together with associated costs.
- Principal Investments - fair value gains on the Group equity and proprietary digital asset investments, together with any associated costs.
- Consumer Platform - the performance of the business activities that now sit within the Group following the acquisition of Napoleon (see note 23).

In addition to the Group's operating segments, the category of "other" represents the costs of various administrative and other functions of the Group not directly attributable to the core operating segments.

The accounting policies of the operating segments differ from those adopted by the Group as per note 2, with fair value gains generated from digital assets classified as profit and loss movements rather than movements through the other comprehensive income. This treatment is consistent with that of the Alternative Statement of Comprehensive Income.

Additionally, administrative expenses as per the Statement of Comprehensive Income are split within the operating segments note between direct costs and other administrative expenses.

The Group does not monitor its assets and liabilities split by operating segment, but rather on a consolidated basis.

This is the measure reported to the Group's Chief Executive, being the Group's chief operating decision maker, for the assessment of segment performance.

The following is an analysis of the Group's revenue and results by reportable segment in the year ended 31 December 2021.

	Asset Management £	Capital Markets £	Principal Investments £	Consumer Platform £	Other £	Total £
Revenue	80,395,418	62,083	-	297,312	-	**80,754,813**
Loss on financial instruments	(2,527,462,402)	43,795,434	-	-	-	**(2,483,666,968)**
Gain on digital assets	2,527,462,402	(7,906,148)	2,266,939	-	-	**2,521,823,193**
Investment gains	-	-	7,366,363	-	-	**7,366,363**
Finance income	-	10,905,234	-	-	-	**10,905,234**
Other operating income	-	14,378,339	287,036	-	-	**14,665,375**
Total revenue, gains & other icome	**80,395,418**	**61,234,942**	**9,920,338**	**297,312**	**-**	**151,848,010**
Finance costs	(16)	(7,038,180)	-	(7,186)	-	**(7,045,382)**
Direct costs	(4,941,693)	(3,459,103)	(8,184)	(206,888)	-	**(8,615,868)**
Gross profit	**75,453,709**	**50,737,659**	**9,912,154**	**83,238**	**-**	**136,186,760**
Other admin expenses	(7,524,946)	(1,242,761)	-	(489,049)	(14,186,636)	**(23,443,392)**
Operating profit	**67,928,763**	**49,494,898**	**9,912,154**	**(405,811)**	**(14,186,636)**	**112,743,368**
Income tax expense						**(1,056,353)**
Exchange differences on translation of foreign operations						**1,756,423**
Total comprehensive income						**113,443,438**

The following is an analysis of the Group's revenue and results by reportable segment in the year ended 31 December 2020.

	Asset Management £	Capital Markets £	Principal Investments £	Consumer Platform £	Other £	Total £
Revenue	18,354,849	34,564	-	-	-	**18,389,413**
Loss on financial instruments	(1,440,568,711)	42,132,662	-	-	-	**(1,398,436,049)**
Gain on digital assets	1,440,568,711	(29,696,971)	-	-	-	**1,410,871,740**
Investment gains	-	-	1,151,992	-	-	**1,151,992**
Finance income	-	3,792,762	-	-	-	**3,792,762**
Other operating income	-	590,770	16,265	-	-	**607,035**
Total revenue, gains & other icome	**18,354,849**	**16,853,787**	**1,168,257**	**-**	**-**	**36,376,893**
Finance costs	(98)	(1,210,900)	-	-	-	**(1,210,998)**
Direct costs	(1,416,017)	(1,017,458)	(61,246)	-	-	**(2,494,721)**
Gross profit	**16,938,734**	**14,625,429**	**1,107,011**	**-**	**-**	**32,671,174**
Other admin expenses	(4,345,131)	(870,273)	-	-	(6,609,457)	**(11,824,861)**
Operating profit	**12,593,603**	**13,755,156**	**1,107,011**	**-**	**(6,609,457)**	**20,846,313**
Income tax expense						**(401,363)**
Exchange differences on translation of foreign operations						**(1,888,549)**
Total comprehensive income						**18,556,401**

There is no geographical split of revenues, gains or other income required in assessing the operating segments of the Group. All operations undertaken by the Group which generate such items are based in Jersey, with the exception of the Consumer Platform, which is based in France. This analysis is already presented by means of the existing split provided within this note.

4. Revenue

	2021 £	2020 £
Management fees	**80,395,418**	18,354,849
Consumer Platform revenue	**297,312**	-
General Partner's Share	**47,724**	34,564
Other revenue	**14,359**	-
	80,754,813	18,389,413
Other operating income	**14,665,375**	607,035
	95,420,188	18,996,448

The majority of the Group's revenue is from management fees on ETPs issued by XBTP and CSDSL.

The Group's recently acquired subsidiary, Napoleon SAS ('Napoleon'), operates a range of consumer based programs offering cryptocurrency trading technology and resources.

Revenue is also derived from the General Partner's share for services provided to CoinShares Fund II LP (for which CoinShares GP II Limited ('CSGP2L'), a subsidiary of the Group, acts as General Partner), which in accordance with the Limited Partnership Agreement is one quarter of two percent of the capital deployed per quarter.

Included within other operating income is a fee rebate on 1.25% management fee on the Group's position in 3iQ ETFs of £6,568,922 (2020: £nil), rewards received from staking of tokens on exchanges and DeFi activities of £3,321,184 (2020: £376,732) and airdrop income received in relation to Kusama tokens and Songbird tokens of £3,886,068 (2020: £nil).

5. Net gain on digital assets and related financial instruments

	2021 £	2020 £
Loss on ETP liabilities	**(2,527,462,402)**	(1,440,568,711)
Gain on financial instruments settled through digital assets	**22,168,051**	16,490,352
Gain on other financial instruments	**21,627,383**	25,642,310
	(2,483,666,968)	(1,398,436,049)
Fair value gain on digital assets	**2,521,823,193**	1,410,871,740
	38,156,225	12,435,691

The loss on ETP liabilities represents the fair value movement in the intercompany collateral obligation of the tracker certificates issued by XBTP and is recognised through profit and loss.

Gain on financial instruments settled through digital assets represents the proceeds received from financial instruments that are settled in the underlying digital asset and is recognised through profit and loss. See note 27 for further details.

Gain on other financial instruments represents the proceeds received from financial instruments settled in cash and is recognised through the profit and loss.

Fair value gain on digital assets represents the fair value movement in digital assets, held principally as collateral for the Group's financial obligations and is recognised through other comprehensive income.

6. Administrative expenses

Included within administrative expenses of £32,059,260 (2020: £14,319,582), (see page 67) are the following:

	2021 £	2020 £
Amortisation of intangible assets (see note 13)	**874,180**	1,975
Bad debt write off	**523,833**	57,951
Depreciation of property, plant and equipment		
- owned assets (see note 12)	**176,560**	209,758
- right-of-use assets (see note 12)	**219,289**	437,001
Gain/(loss) on foreign exchange	**(329,692)**	94,765
Rent charged under operating leases	**649,320**	619,804
Low-value assets lease expense	**4,145**	4,145
Wages and salaries	**14,927,892**	6,702,605
Fees payable to the Company's auditor for the audit of the Group's current year financial statements	**334,500**	150,000
Additional fees payable to the Company's auditor for the audit of the Group's prior year financial statements	**50,000**	-

7. Staff costs

	2021 £	2020 £
Short-term employee benefits	**8,226,056**	3,659,902
Share-based payment transactions	**1,329,738**	262,146
	9,555,794	3,922,048

8. Directors' remuneration - Group and subsidiary directors

	2021 £	2020 £
Short-term employee benefits	**5,052,703**	2,734,257
Share-based payment transactions	**319,395**	46,300
	5,372,098	2,780,557

9. Finance income

	2021 £	2020 £
Financial instruments measured at amortised cost:		
Interest from bank and broker deposits	**-**	116,587
Interest from other financial assets measured at amortised cost (see note 27)	**10,905,234**	3,676,175
	10,905,234	3,792,762

The Group earns interest income on fixed income lending activities undertaken by CSCMJL, in addition to interest through bank deposits.

10. Finance costs

	2021 £	2020 £
Financial instruments measured at amortised cost:		
Interest on bank and broker deposits	**227,381**	-
Interest on other borrowings	**4,305,523**	8,622
Interest on amounts owed to brokers	**2,509,388**	1,182,786
Interest on lease liabilities	**3,090**	19,590
	7,045,382	1,210,998

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on results for the year	**1,056,353**	401,363
Deferred tax		
Origination and reversal of temporary differences	**-**	-
Effect of changes in tax rates	**-**	-
Other	**-**	-
Taxation on ordinary activities	**1,056,353**	401,363

The Group is subject to various corporation taxes as noted below. CoinShares International Limited is subject to tax at the rate of 0%.

	2021 £	2020 £
Loss on ordinary activities before income tax expense	**(2,411,265,353)**	(1,390,071,750)
Tax calculated at Jersey tax rate of 0% (2020: 0%)	**-**	-
Effects of:		
Tax calculated at Jersey tax rate for regulated financial service companies of 10% (incurred by CoinShares (Jersey) Limited ('CSJL')	**800,279**	191,374
Tax calculated at Swedish tax rate of 22% (incurred by XBTP)	**2,813**	2,730
Tax calculated at UK tax rate of 19% (incurred by CSUK, Elwood Asset Management Service Limited ('Elwood') and CoinShares Capital Markets (UK) Limited ('CSCMUK'))	**428,353**	207,259
Tax calculated at French tax rate of 26.5% (incurred by Napoleon)	**(175,092)**	-
Total tax charge for the year	**1,056,353**	401,363

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. There has been no change in applicable tax rates from the prior year.

The current tax liability at the year end is £2,578,333 (31 December 2020: £397,690, 1 January 2020: £265,803).

12. Property, plant and equipment

	Right-of-use property assets £	Furniture and Fittings £	Office Equipment £	Total £
Cost				
At 1 January 2020	1,651,793	434,727	161,177	**2,247,697**
Additions - acquired separately	-	23,465	41,695	**65,160**
Disposals	-	-	(8,581)	**(8,581)**
Exchange differences	(26,172)	-	(1,023)	**(27,195)**
At 31 December 2020	1,625,621	458,192	193,268	**2,277,081**
Additions - acquired separately	-	43,396	173,148	**216,544**
Additions - acquisition of subsidiary	-	-	255,508	**255,508**
Disposals	(858,108)	-	(32,499)	**(890,607)**
Exchange differences	-	-	(3,396)	**(3,996)**
At 31 December 2021	**767,513**	**501,588**	**586,029**	**1,885,130**
Accumulated depreciation				
At 1 January 2020	-	157,582	62,594	**220,176**
Charge for the year	437,001	148,294	61,464	**646,759**
Disposals	-	-	(666)	**(666)**
Exchange differences	(11,766)	-	(939)	**(12,705)**
At 31 December 2020	425,235	305,876	122,453	**853,564**
Charge for the year	219,289	108,052	68,508	**395,849**
Disposals	(205,946)	-	(24,703)	**(230,649)**
Exchange differences	-	-	67	**67**
At 31 December 2021	**438,578**	**413,928**	**166,325**	**1,018,831**
Net book value				
At 31 December 2021	**328,935**	**87,660**	**419,704**	**836,299**
At 31 December 2020	1,200,386	152,316	70,815	1,423,517
At 1 January 2020	1,651,793	277,145	98,583	2,027,521

13. Intangible assets

	31 December 2021 £	31 December 2020 £	1 January 2020 £
Non-current digital assets	**2,688,859**	-	-
Current digital assets	**2,761,629,509**	1,826,694,524	427,524,070
(i) Total Digital assets	**2,764,318,368**	1,826,694,524	427,524,070
(ii) Goodwill	**6,412,800**	35,440	36,457
(iii) Other intangible assets	**11,685,861**	20,100	6,870
	2,782,417,029	1,826,750,064	427,567,397

(i) Digital assets	31 December 2021 £	31 December 2020 £	1 January 2020 £
By Currency			
Bitcoin	**1,141,472,252**	1,478,410,988	365,547,287
Ethereum	**1,451,213,511**	341,387,801	59,959,507
Litecoin	**3,436,376**	3,354,468	547,145
XRP	**2,668,535**	3,195,031	674,081
Other digital assets	**165,527,694**	346,236	796,050
	2,764,318,368	1,826,694,524	427,524,070

	31 December 2021 Units	31 December 2020 Units	1 January 2020 Units
By Currency			
Bitcoin	**32,112**	69,676	67,205
Ethereum	**519,272**	624,933	603,575
Litecoin	**30,972**	36,126	17,177
XRP	**4,285,883**	19,745,027	4,651,930

	Revaluation Reserve Amount £	Carrying Amount £
Reconciliation of Digital Assets		
At 1 January 2020	168,468,008	427,524,070
Net (sales)/purchases	(368,108,698)	65,115,973
Fair value gain on digital assets	1,410,871,740	1,410,871,740
Gain on financial instruments settled through digital assets (See note 27)	-	16,490,352
Exchange differences	-	(93,307,611)
At 31 December 2020	**1,211,231,050**	**1,826,694,524**
Net sales	(6,532,151,712)	(1,632,808,608)
Fair value gain on digital assets	2,521,823,193	2,521,823,193
Gain on financial instruments settled through digital assets (See note 27)	-	22,168,051
Exchange differences	-	26,135,584
At 31 December 2021	**(2,799,097,469)**	**2,764,318,368**

Amounts accumulated in the revaluation reserve have no restrictions on being distributed to shareholders. In practice however, this is unlikely because the majority of accumulated reserves relate to assets held in order to hedge the liability which arises from the issuance of the Group's exchange traded products.

The Group has classed digital assets under the fair value hierarchy as follows.

	31 December 2021 £	31 December 2020 £	1 January 2020 £
Level 1 digital assets	**2,752,692,494**	1,826,694,524	427,524,070
Level 2 digital assets	**11,625,874**	-	-
	2,764,318,368	1,826,694,524	427,524,070

There have been no transfers of digital assets between fair value hierarchy levels.

(ii) Goodwill	**£**
Cost	
At 1 January 2020	36,457
Exchange differences	(1,017)
At 31 December 2020	35,440
Recognised on acquisition of a subsidiary (note 23)	6,377,097
Exchange differences	263
At 31 December 2021	**6,412,800**
Net book value	
At 31 December 2021	**6,412,800**
At 31 December 2020	35,440
At 1 January 2020	36,457

No impairment has been recognised for Goodwill.

The carrying value of goodwill has been allocated to cash generating units ('CGU') as follows:

	31 December 2021 £	31 December 2020 £	1 January 2020 £
Business to Consumer	**6,377,097**	-	-
Broker Dealer	**35,703**	35,440	36,457
	6,412,800	35,440	36,457

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount for a CGU is defined as the higher of fair value less costs of disposal or value in use.

For the Business to Consumer CGU, the goodwill amount has been based on the consideration paid, which was assessed as reasonable for the assets acquired. As the acquisition occurred in the final month of the year, no further assessment was made on the goodwill balance.

For the Broker Dealer CGU, the recoverable amount is considered to be reasonable due to the value in use of relevant licenses being justifiable, and should the license be relinquished the costs involved in replacing this would be in excess of this amount.

(iii) Other intangible assets

	Fee Generating Contracts £	Software £	Website and Trademarks £	Total £
Cost				
At 1 January 2020	-	-	7,292	**7,292**
Additions - acquired separately	-	-	15,205	**15,205**
At 31 December 2020	-	-	22,497	**22,497**
Additions - acquired separately	-	130,708	51,656	**182,364**
Additions - acquisition of subsidiary (note 23)	12,180,776	178,315	-	**12,359,091**
Exchange differences	-	(1,538)	-	**(1,538)**
At 31 December 2021	**12,180,776**	**307,485**	**74,153**	**12,562,414**
Accumulated amortisation				
At 1 January 2020	-	-	422	**422**
Charge for the year	-	-	1,975	**1,975**
At 31 December 2020	-	-	2,397	**2,397**
Charge for the year	870,647	1,145	2,388	**874,180**
Exchange differences	-	(24)	-	**(24)**
At 31 December 2021	**870,647**	**1,121**	**4,785**	**876,553**
Net book value				
At 31 December 2021	**11,310,129**	**303,364**	**69,368**	**11,685,861**
At 31 December 2020	-	-	20,100	20,100
At 1 January 2020	-	-	6,870	6,870

14. Investments

	Investments in Joint Ventures £	Investments in Listed Equities £	Other Investments Through P&L £	Other Investments Through OCI £	Total £
At 1 January 2020	635,705	-	4,913,831	-	**5,549,536**
Additions	412,154	78,180,466	3,651,548	-	**82,244,168**
Disposals	-	(79,061,971)	(6,070,136)	-	**(85,132,107)**
Fair value gain through profit and loss	-	881,505	534,396	-	**1,415,901**
Fair value gain through other comprehensive income	-	-	-	46,323	**46,323**
Share of joint ventures losses	(531,419)	-	-	-	**(531,419)**
At 31 December 2020	516,440	-	3,029,639	46,323	**3,592,402**
Additions	755,902	2,306,542	11,760,563	-	**14,823,007**
Disposals	-	(2,093,696)	-	-	**(2,093,696)**
Transfers	(332,324)	-	332,324	-	**-**
Fair value gain through profit and loss	-	(81,778)	5,659,762	-	**5,577,984**
Fair value gain through other comprehensive income	-	-	-	2,079,240	**2,079,240**
Share of joint ventures losses	(290,861)	-	-	-	**(290,861)**
Exchange differences	-	-	1,441	-	**1,441**
At 31 December 2021	**649,157**	**131,068**	**20,783,729**	**2,125,563**	**23,689,517**

The carrying value of Glint Limited, the Group's only associate, is £nil (31 December 2020: £nil, 1 January 2020: £nil).

The Group has classed investments under the fair value hierarchy as follows.

	31 December 2021 £	31 December 2020 £	1 January 2020 £
Level 1 Investments	**131,068**	-	-
Level 2 Investments	**11,651,814**	46,323	443,799
Level 3 Investments and Joint Ventures	**11,906,635**	3,546,079	5,105,737
	23,689,517	3,592,402	5 ,549,536

There have been no transfers of investments between fair value hierarchy levels.

The Group has investments in the following entities:

Name	Investee Relationship (Fair value level)	Ownership %	Jurisdiction	Date of Initial Investment
3iQ Digital Asset Management	Investment (3)	9.85%	Canada	31/12/2020
SBG 1320, LLC (Kingdom Trust)	Investment (3)	16.00%	USA	22/12/2020
Kingdom Services Holdings LLC	Investment (3)	0.08%	USA	07/06/2021
Komainu Holdings Limited	Investment (3)	14.24%	Jersey	16/08/2019
FlowBank	Investment (2)	9.02%	Switzerland	02/10/2021
New Gen Minting LLC (Viridi)	Investment (2)	10.68%	USA	09/05/2021
RSS3	Investment (2)	SAFTE	Grand Cayman	15/12/2021
Syndica	Investment (2)	SAFE	USA	26/10/2021
PlayDough	Investment (2)	2.00%	UK	22/10/2021
CoinShares Fund II - Carried Interest	Investment (2)	Carried interest	Jersey	09/02/2018

All investments are held through fair value through profit or loss, with the exception of CoinShares Fund II LP which is held through other comprehensive income due to electing to designate it this way.

The Group's investment in Komainu Holdings Limited was accounted for as a joint venture using the equity method of accounting despite the Group holding 19% of the total shares during the prior year. This is because Komainu's share capital comprises voting and non-voting shares and the Group has joint control via the number of voting shares it holds. During the year, the Group's holdings were diluted such that it is now accounted for as a minority interest measured at fair value through profit or loss.

Level 1 and 2 valuations and inputs

The finance department performs monthly valuations of the Group's investments that are classified as Level 1 and 2 within the fair value hierarchy, utilising market data (investments in listed equities) and observable inputs (CoinShares Fund II – carried interest and investments held at cost or price of recent investment that may subsequently be reclassified to Level 3). Discussions of valuation processes and results are held between the Chief Financial Officer, Audit committee and the Board once every quarter, in line with the Group's reporting periods.

Level 3 valuations and inputs

The finance department performs quarterly valuations of the Group's investments that are classified as Level 3, within the fair value hierarchy, utilising a range of observable and unobservable inputs. Discussions of valuation processes and results are held between the Chief Financial Officer, Audit committee and the Board once every quarter, in line with the Group's reporting periods.

The main Level 3 inputs used by the Group are derived and evaluated as follows:
- price of recent investment;
- earnings multiples, estimated based on market information for similar types of companies;
- AuM multiples, estimated based on market information for similar types of companies; and
- percentage ownership of net asset value of the investee company.

For the balance of £11,906,635, the following table summarises the quantitative information about the significant unobservable inputs used in the Level 3 measurements.

Description	Fair value £	Unobservable inputs	Input amount	Input range
Unlisted equities not held at cost	11,906,635	Discount/premium to NAV	0%	(20%) to 20%
		AUM multiple	8%	5% to 10%
		P/E multiple	21.86	15 to 25

Relationship between unobservable inputs and fair value

Decreasing all inputs to the lowest points of the given ranges would decrease fair value as at 31 December 2021 by £3,620,346.

Increasing all inputs to the highest point of the given ranges would increase fair value as at 31 December 2021 by £3,307,864.

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The Company's direct subsidiaries and joint ventures which make up the Group as at 31 December 2021 are as follows:

Name	Defined as	Investee Relationship	CSIL's Ownership %	Jurisdiction	Date of Acquisition
CoinShares (UK) Limited	CSUKL	Subsidiary	100%	UK	19/04/2017
CoinShares (Holdings) Limited	CSHL	Subsidiary	100%	Jersey	25/04/2017
XBT Provider AB (publ)	XBTP	Subsidiary	100%	Sweden	25/09/2017
CoinShares GP II Limited	CSGP2L	Subsidiary	100%	Jersey	09/02/2018
CoinShares Corporate Services (Jersey) Limited	CSCSJL	Subsidiary	100%	Jersey	25/06/2018
CoinShares Co	CSCo	Subsidiary	100%	USA	01/07/2018
Gold Token SA	GTSA	Joint Venture	50%	Switzerland	08/08/2018
CoinShares Employment Services (Jersey) Limited	CSESJL	Subsidiary	100%	Jersey	09/08/2018
CoinShares (Jersey) Limited	CSJL	Subsidiary	100%	Jersey	26/09/2018
GABI Trading Limited (Asia)	GTLA	Subsidiary	100%	Hong Kong	12/02/2019
CoinShares Technologies Limited	CSTL	Subsidiary	100%	Jersey	30/06/2019
CoinShares Capital, LLC	CS Cap	Subsidiary	100%	USA	18/09/2019
CoinShares Capital Markets (Jersey) Limited	CSCMJL	Subsidiary	100%	Jersey	30/06/2019
CoinShares Capital Markets (UK) Limited	CSCMUKL	Subsidiary	100%	UK	30/06/2019
CoinShares GP I LLC	CSGPI	Subsidiary	100%	USA	20/03/2020
CoinShares Digital Securities Limited	CSDSL	Subsidiary	100%	Jersey	30/06/2020
Elwood Asset Management Services Limited	EAMSL	Subsidiary	100%	UK	20/07/2021
Elwood Asset Management LLP	EAMLLP	Subsidiary	100%	UK	20/07/2021
Napoleon Crypto SAS	NCSAS	Subsidiary	100%	France	17/12/2021
Napoleon Group SAS	NGSAS	Subsidiary	100%	France	17/12/2021
Napoleon Software SAS	NSSAS	Subsidiary	100%	France	17/12/2021

GABI Capital Limited changed its name to CoinShares Technologies Limited on 8 March 2022.

15. Cash and cash equivalents

	31 December 2021 £	31 December 2020 £	1 January 2020 £
Cash at bank	**10,775,650**	2,265,817	2,350,042
Amounts due from broker	**118,975,658**	66,517,815	39,405,202
	129,751,308	68,783,632	41,755,244
Amounts due to broker	**(292,706,977)**	(112,120,817)	(37,630,992)
Total cash and cash equivalents	**(162,955,669)**	(43,337,185)	4,124,252

Changes in liabilities arising from financing activities

	Lease liabilities £
Balance at 1 January 2020	(1,611,699)
Net cash used in financing activities	409,681
Effect of changes in foreign exchange rates	15,224
Balance at 31 December 2020	**(1,186,794)**
Net cash used in financing activities	208,786
Termination of lease	666,495
Balance at 31 December 2021	**(311,513)**

16. Trade receivables and other assets

	31 December 2021 £	31 December 2020 £	1 January 2020 £
Current			
Accounts receivable	**1,416,181**	819,708	1,008,151
Amounts due from exchanges	**15,419,993**	4,577,042	1,513,436
Amounts owed by related parties (i)	**500,591**	1,105,765	368,140
Deposits paid	**199,589**	103,925	132,110
Letter of credit (ii)	**-**	166,498	171,576
Other assets (iii)	**1,045,550,562**	55,005,651	23,150,847
Prepayments	**255,724**	417,137	501,735
VAT receivable	**72,718**	38,098	124,539
Total current	**1,063,415,358**	62,233,824	26,970,534
Non-current			
Deposits paid	**52,969**	53,152	53,158
Interest receivable	**-**	11,163	4,520
Loans receivable (iv)	**1,122,926**	265,000	265,000
Total non-current	**1,175,895**	329,315	322,678
Total receivables and other assets	**1,064,591,253**	62,563,139	27,293,212

(i) Amounts owed by related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand. See note 30 for related party transaction disclosures.

(ii) The letter of credit with Silicon Valley Bank was in relation to a lease held by the Group that was terminated during the year.

(iii) Included in other assets is an amount issued by CSCMJL, being a loan to Genesis Capital in the sum of US$50,000,000 (£36,963,384) (31 December 2020: US$31,500,000 (£23,286,932), 1 January 2020: US$27,000,000 (£20,362,912)) plus accrued interest of US$297,260 (£219,755) (31 December 2020: US$312,841 (£228,956), 1 January 2020: US$143,137 (£107,951)). The loan has been drawn in tranches and bears interest at rates between 8-9%, the loan is secured against collateral of 1,018 Bitcoin (31 December 2020: 1,792 Bitcoin, 26,066 Ethereum tokens and 515 PAXG tokens, 1 January 2020: 3,171 Bitcoin and 43,550 Bitcoin Cash tokens) and has no specified repayment date. As at the year end the total value of the collateral held was in excess of the value of the loan and is not held for any other purpose. The collateral held by the Company will be flexed according to the performance of the spot market rate of the collateralised digital assets to ensure adequate coverage is maintained on the loan receivable.

Also included in other assets are shares in ETPs, valued at £994,012,707 (31 December 2020: £30,691,203, 1 January 2020: £nil), used to provide exposure to digital assets and are held as a part of the Group's collateral management obligations and OTC trade receivables of £1,118,397 (31 December 2020: £nil, 1 January 2020: £nil).

(iv) A convertible loan note was issued to Finrate AG on 14 October 2021 for a principal amount of CHF750,000 for a term of 24 months.

A promissory note issued in lieu of settlement of a share issue in a subsidiary for a principal amount of £265,000 and accruing interest at 2.5% per annum was repaid during the prior year.

17. Trade payables and other liabilities

	31 December 2021 £	31 December 2020 £	1 January 2020 £
Amounts due to exchanges	**27,332,894**	31,814,911	22,844,183
Amounts owed to related parties (i)	**224,724**	458,857	-
Accounts payable	**1,187,268**	192,846	215,150
Accrued liabilities	**6,820,150**	1,124,009	385,315
Certificate liability (ii)	**3,308,728,916**	1,757,564,551	395,510,482
Borrowings (refer to note 18)	**161,381,478**	1,728,325	332,823
	3,505,675,430	1,792,883,499	419,287,953

(i) Amounts owed to related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

(ii) Certificate liability

	31 December 2021 £	31 December 2020 £	1 January 2020 £
Certificate type			
Bitcoin Tracker One	**693,740,612**	512,939,706	153,563,677
Bitcoin Tracker Euro	**936,292,807**	884,610,672	187,537,697
Ether Tracker One	**561,828,061**	110,466,885	17,156,952
Ether Tracker Euro	**966,612,832**	243,275,299	35,975,202
Litecoin Tracker One	**-**	2,320,161	316,833
Litecoin Tracker Euro	**-**	947,247	210,887
XRP Tracker One	**-**	2,045,635	541,020
XRP Tracker Euro	**-**	958,946	208,214
CoinShares Physical Bitcoin	**97,567,239**	-	-
CoinShares Physical Ethereum	**48,592,824**	-	-
CoinShares Physical Litecoin	**2,117,670**	-	-
CoinShares Physical XRP	**1,976,871**	-	-
	3,308,728,916	1,757,564,551	395,510,482

	31 December 2021 Number	31 December 2020 Number	1 January 2020 Number
Certificate type			
Bitcoin Tracker One	**4,061,699**	4,980,253	6,022,357
Bitcoin Tracker Euro	**548,341**	858,163	740,446
Ether Tracker One	**20,606,836**	21,051,566	19,955,342
Ether Tracker Euro	**3,546,603**	4,628,960	4,221,325
Litecoin Tracker One	**-**	512,980	205,932
Litecoin Tracker Euro	**-**	20,923	13,761
XRP Tracker One	**-**	2,687,609	771,356
XRP Tracker Euro	**-**	126,110	29,686
CoinShares Physical Bitcoin	**2,778,800**	-	-
CoinShares Physical Ethereum	**586,600**	-	-
CoinShares Physical Litecoin	**96,500**	-	-
CoinShares Physical XRP	**80,300**	-	-
	32,305,679	34,866,564	31,960,205

The certificates are held at fair value through profit or loss. The fair value of the certificate is calculated with reference to market prices as defined in the relevant prospectus.

18. Borrowings

	31 December 2021 £	31 December 2020 £	1 January 2020 £
OTC Trades (i)	20,819,392	392,140	-
Kingdom Trust (ii)	25,136,053	989,649	-
GABI Ventures Limited (iii)	700,527	-	-
MKS (iv)	221,728	-	-
GAMA (v)	110,890,152	-	-
STX Loan (vi)	3,383,258	-	-
Other borrowings	230,368	-	-
The PIT Credit line (vii)	-	146,372	-
Cowen (viii)	-	200,164	-
The Oceana Foundation Limited	-	-	332,823
	161,381,478	1,728,325	332,823
Payable within one year	**161,381,478**	1,728,325	332,823

(i) The balance represents the sterling equivalent value of OTC liabilities in the course of settlement at the balance sheet date.

(ii) The Group manages digital assets loaned from Kingdom Trust. The balance represents the liability due to Kingdom Trust at the balance sheet date.

(iii) The Group holds a balance of US$947,596 in Bare Trust for the benefit of GABI Ventures Limited.

(iv) The Group has a loan balance with MKS of US$299,929 (2020: US$nil). The loan is interest free with a maturity date of 30 June 2022.

(v) The Group entered into Master Loan Agreements (MLAs) with Graticule Asia Macro Master Fund Ltd and Graticule Managed Fund C Master Fund Ltd (together "GAMA") on 12 March 2021 and 8 June 2021 respectively. The outstanding loan balance as at 31 December 2021 of US$150,000,000 represents amounts drawn under both of the MLAs. The balance has been drawn in tranches and accrues interest at rates between 5-7% per annum. The loans are unsecured and have no specified repayment date. As at 31 December 2021 the Group has paid all interest accrued on the balance.

(vi) The balance represents a loan with Stacks Open Internet Foundation of 2,000,000 STX tokens plus accrued interest of 16,333 STX tokens. The loan accrues interest at 2.5% per annum and has a maturity date of 21 April 2023.

(vii) Blockchain.com have provided a credit line from which US$200,000 (31 December 2020: US$200,000, 1 January 2020: US$nil) has been drawn. No interest is charged for the facility which is collateralised by digital assets held by Blockchain.com's digital asset exchange 'The PIT exchange' on behalf of the Group.

(viii) The balance due to Cowen represented the value of Grayscale Bitcoin Trust shares. The loan was repaid on 25 January 2021.

19. Leases

The maturity of gross contractual undiscounted cash flows due on the Group's lease liabilities is set out below based on the period between 31 December and the contractual maturity date.

	Less than 1 year £	1 to 5 years £	Over 5 years £	Total at 31 December 2021 £
Property leases	210,356	101,157	-	**311,513**
	210,356	**101,157**	-	**311,513**

The Group leases the second and third floors of a property for its operations in Jersey and formerly leased a property for its operations in New York during the period. This has created an associated right-of-use asset (see note 12).

The lease for the second floor of the property in Jersey commenced on 1 January 2019 and has a contractual end date of 23 June 2023. The lease for the third floor commenced on 1 December 2017 and has a contractual end date of 1 June 2023. The directors had the option to shorten the lease term for both floors to an end date of 1 January 2021 which was not exercised. The directors had no intention of exercising this break clause option on the transition date. The IFRS 16 lease accounting for both leases was therefore on the basis of future cash flows on rental payments up to the respective contractual lease end dates of 23 June 2023 and 1 June 2023.

The New York lease commenced on 1 November 2018 and had a lease term of 5 years and 4 months. The contractual end date of the lease was 28 February 2024 and this is the period which has been used for the lease accounting. However, the lease was terminated during the year and has not been included the analysis of the gross contractual undiscounted cash flows above.

The Group has two operating lease arrangements in which it acts as a lessor in relation to office space sub-leased to third parties. Both lease agreements include break clause options ranging between 1 and 2 months which are exercisable by either party.

Maturity analysis of operating lease payments:

	2021 £	2020 £
Within one year	**22,000**	28,000
	22,000	28,000

During the year, the Group received lease income on operating leases amounting to:

	2021 £	2020 £
Operating lease rental income	**132,000**	132,000
	132,000	132,000

20. Share capital

	Allotted, called-up and fully paid		
	31 December 2021 £	31 December 2020 £	1 January 2020 £
Shares classified as equity			
Ordinary shares of £0.01 each	-	-	28,250
Liquidation shares of £0.01 each	-	-	2,185,986
Redeemable shares of £0.01 each	-	-	565
Ordinary shares of £0.000495 each	**33,766**	31,278	-
	33,766	31,278	2,214,801

	31 December 2021 Number	31 December 2020 Number	1 January 2020 Number
Shares classified as equity			
Ordinary shares of £0.01 each	-	-	2,825,070
Liquidation shares of £0.01 each	-	-	218,598,563
Redeemable shares of £0.01 each	-	-	56,501
Ordinary shares of £0.000495 each	**68,213,821**	63,187,460	-
	68,213,821	63,187,460	221,480,134

	Ordinary shares £	Liquidation shares £	Redeemable shares £	Total £
Movements in share capital				
At 1 January 2020	28,250	2,185,986	565	**2,214,801**
Conversion of shares between classes	565	-	(565)	**-**
Issue of new shares	2,750	-	-	**2,750**
Redemption of shares	(287)	(2,185,986)	-	**(2,186,273)**
At 31 December 2020	**31,278**	**-**	**-**	**31,278**
Issue of new shares	2,488	-	-	**2,488**
At 31 December 2021	**33,766**	**-**	**-**	**33,766**

	Share premium £
Movements in share premium	
At 1 January 2020	**110,610**
Issue of new shares	**2,276,460**
At 31 December 2020	**2,387,070**
Issue of new shares	28,394,140
At 31 December 2021	**30,781,210**

All share premium balances relate to the issue of ordinary shares.

Ordinary shares issued and allotted are accounted for as equity. These shares confer on the holders the right to vote and receive dividends at the Company's discretion. If, at the Company's discretion, there is a return of assets, ordinary shares confer on the holders thereof the rights in respect of the assets of the Company available for distribution among the Shareholders. The Company is authorised to issue 200,000,000 shares.

Redeemable shares issued and allotted have no voting rights and are accounted for as equity. These shares confer on the holders the right to receive dividends at the Company's discretion. At the Company's discretion there may be a return of amounts paid up on such shares, but no further payment. On winding-up, the holders rank pari passu with ordinary shares for repayment of the subscription amount.

Liquidation shares issued and allotted have no voting rights and are accounted for as equity. At the Company's discretion there may be a return of amounts paid up on such shares, but no further payment. On winding-up, the holders have priority before all other classes of share to receive repayment of capital.

Movements in share capital during the year

On 11 March 2021 the Company issued 3,364,403 ordinary shares in an initial public offering for a consideration of £12,766,244, generating share premium of £12,764,579.

On 5 July 2021 1,298,322 additional shares were issued as consideration for the purchase of Elwood Asset Management Services Limited. The value of these shares was deemed to be £12,278,979, generating additional share premium of £12,278,336.

On 17 December 2021 363,636 additional shares were issued as consideration for the purchase of Napoleon. The value of these shares was deemed to be £3,351,405, generating additional share premium of £3,351,225.

Movements in share capital during the prior year

On 30 March 2020 all 56,501 redeemable shares were converted to 56,501 ordinary shares, resulting in a new total of 2,881,571 ordinary shares.

On 15 October 2020 all 2,881,571 shares were split into two new ordinary share categories. Each existing ordinary share of £0.01 was split into one ordinary share of £0.0099 and one ordinary V share of £0.0001. This had no impact on the value of shares in the Company.

On 2 November 2020 all 2,881,571 ordinary V shares were redeemed by the Company following the distribution of GVL to the Company's shareholders.

On 10 November 2020 all 215,598,563 liquidation shares were redeemed by the Company for cash.

On 16 November 2020 all ordinary shares of £0.0099 were split into 57,631,420 ordinary shares of £0.000495. Each ordinary share of £0.0099 became 20 ordinary shares of £0.000495.

On 20 November 2020 5,556,040 additional shares were issued as consideration for the purchase of the non-controlling interest in CSHL. The value of these shares was deemed to be £2,279,210, generating additional share premium of £2,276,460.

21. Reserves

Included within other reserves in the Group are the following:

	Revaluation Reserve £	Foreign Exchange Translation Reserve £	Share Option Reserve £	Total £
At 1 January 2020	168,468,008	344,958	-	**168,812,966**
Exchange differences on translation of foreign operations	-	(1,888,549)	-	**(1,888,549)**
Fair value gains on digital assets	1,410,871,740	-	-	**1,410,871,740**
Share based payments	-	-	308,446	**308,446**
Transfers to retained earnings	(368,108,698)		-	**(368,108,698)**
Disposal of foreign subsidiary	-	(163,305)	-	**(163,305)**
At 31 December 2020	**1,211,231,050**	**(1,706,896)**	**308,446**	**1,209,832,600**
Exchange differences on translation of foreign operations	-	1,756,423	-	**1,756,423**
Fair value gains on digital assets	2,521,823,193	-	-	**2,521,823,193**
Share based payments	-	-	1,649,133	**1,649,133**
Transfers to retained earnings	(6,532,151,712)	-	-	**(6,532,151,712)**
At 31 December 2021	**(2,799,097,469)**	**49,527**	**1,957,579**	**(2,797,090,363)**

The nature and purpose of each reserve in equity is described as follows:

Share premium
The share premium account represents the premium paid on the issue of ordinary shares in excess of their nominal value.

Retained earnings
The retained earnings reserve contains the Group's cumulative profit or loss, net of distribution to owners. Net cumulative gains on financial instruments and investments held at fair value through other comprehensive income are shown in retained earnings.

Revaluation reserve
Net cumulative gains on digital assets held at fair value through other comprehensive income are shown in the revaluation reserve. When digital assets are disposed of, the gains associated with those assets in the revaluation reserve are transferred to retained earnings.

Foreign exchange translation reserve
Foreign exchange gains and losses on the translation of the results and net assets of the Group's foreign operations accumulate in the foreign exchange translation reserve. On disposal of foreign operations, the cumulative translation gains and losses in respect of those operations are recycled through profit or loss.

Share option reserve
The share option reserve represents the cost of the Group's cumulative unexercised share options. Once options are exercised, the cumulative expense in relation to those options transferred to retained earnings.

22. Non-controlling interests

On 20 November 2020 the Company purchased the remaining 10% of CSHL, a subsidiary of the Company, for a consideration of £2,279,210. The consideration was settled through the issuance of share capital to the previous 10% shareholders of CSHL.

Summarised financial information of CSHL up to the date a non-controlling interest existed is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	31 December 2020 £
Revenue	3,380,776
Expenses	(1,278,297,776)
Loss for the year	(1,274,917,000)
Loss attributable to owners of the Company	(127,491,700)
Loss attributable to the non-controlling interests	(1,147,425,300)
Loss for the year	(1,274,917,000)
Fair value gain on digital assets	1,293,298,346
Exchange differences on translation of foreign operations	(1,731,170)
Fair value gain on investments	42,464
Other comprehensive income for the year	1,291,609,640
Other comprehensive income attributable to owners of the Company	129,160,964
Other comprehensive income attributable to the non-controlling interests	1,162,448,676
	1,291,609,640

23. Acquisition of subsidiaries

On 5 July 2021, the Group acquired 100% of the issued share capital of Elwood, obtaining control of the company. Elwood qualifies as a business as defined in IFRS 3. Elwood was acquired for its fee generating service contracts connected to the Invesco CoinShares Global Blockchain UCITS ETF.

The amounts recognised of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	£
Identified intangible assets	12,180,776
Cash at bank	467,921
Financial liabilities	(369,719)
	12,278,978
Total consideration	**12,278,978**
Satisfied by:	
Fair value of shares issued	12,278,978
Total consideration transferred	**12,278,978**

The fair value of the 1,298,322 ordinary shares issued as part of the consideration paid for Elwood was determined on the basis of the volume weighted average price per share in the 60 consecutive day period ended on 18 June 2021.

Acquisition-related costs amount to £62,250 for stamp duty, and are included in professional fees within administrative expenses.

Elwood contributed £510,183 revenue and £364,870 to the Group's profit for the period between the date of acquisition and the reporting date.

If the acquisition of Elwood had been completed on the first day of the financial year, Group revenues for the year would have been £81,837,122 and Group total comprehensive income would have been £114,393,670.

On 17 December 2021, the Group acquired 100% of the issued share capital of Napoleon Crypto SAS ("Napoleon") obtaining control of the company and its wholly owned subsidiaries. Napoleon qualifies as a business as defined in IFRS 3. Napoleon was acquired to expand the Group's in-house technology and reach new markets through the use of Napoleon's platform.

The amounts recognised of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	£
Cash at bank	5,955,558
Digital assets	513,930
Financial assets	2,090,250
Intangible assets	178,315
Tangible assets	255,508
Financial liabilities	(1,965,963)
Income tax liability	(1,526,468)
	5,501,130
Goodwill	6,377,096
Total consideration	**11,878,226**
Satisfied by:	
Cash	8,526,821
Fair value of shares issued	3,351,405
Total consideration transferred	**11,878,226**

The goodwill of £6,377,096 arising from the acquisition consists of the existing customer base, Napoleon's regulatory footprint within France and the expertise of the team.

The fair value of the 363,636 ordinary shares issued as part of the consideration paid for Napoleon was determined by reference to the fair value of the acquiree's equity instruments.

The fair value of the financial assets includes trade receivables with a fair value of £662,991 and a gross contractual value of £931,734. The best estimate at acquisition date of the contractual cash flows not to be collected is £268,743. Also included are financial instruments providing digital asset exposure with a fair value of £1,427,259.

Acquisition-related costs amount to £nil.

Napoleon contributed £297,312 to revenue and reduced the Group's profit for the period between the date of acquisition and the reporting date by £232,032.

If the acquisition of Napoleon had been completed on the first day of the financial year, Group revenues for the year would have been £87,827,483 and Group total comprehensive income would have been £114,738,412.

24. Earnings per share

As more fully disclosed in note 25, share options were issued during the prior year, which could have a dilutive effect. As the Group has made a loss in the current and prior year, the share options are antidilutive and therefore have not been included in the calculation of diluted earnings per share.

The directors have also chosen to present the earnings per share calculated using total comprehensive income in the place of loss after income tax expense. It is the opinion of the directors that this is more representative of the Group's financial performance due to the inclusion of the fair value gains on digital assets recognised through other comprehensive income.

The calculation of the basic and diluted earnings per share is based on the following data:

	2021 £	2020 £
Earnings		
Earnings for the purposes of basic earnings per share being net loss attributable to owners of the Company	**(2,412,321,706)**	(1,262,981,413)
Earnings for the purposes of diluted earnings per share	**(2,412,321,706)**	(1,262,981,413)

	2021 Number	2020 Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**66,557,294**	58,255,576
Weighted effect of dilutive potential ordinary shares: Share options	**3,365,468**	299,642
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**69,922,762**	58,555,218

	2021 £	2020 £
Basic earnings per share	**(36.24)**	(21.68)
Diluted earnings per share	**(36.24)**	(21.68)

	2021 £	2020 £
Adjusted earnings		
Earnings for the purposes of basic earnings per share being net loss attributable to owners of the Company	**113,443,438**	16,887,137
Earnings for the purposes of diluted earnings per share	**113,443,438**	16,887,137

	2021 £	2020 £
Adjusted basic earnings per share	**1.70**	0.29
Adjusted diluted earnings per share	**1.62**	0.29

The denominators for the purposes of calculating both basic and diluted earnings per share have been adjusted to reflect the issue of ordinary shares during the year.

25. Share-based payments

Equity-settled share option plan

The establishment of the employee incentive share plan was approved by the board on 16 October 2020. The employee incentive share plan is designed to provide long-term incentives for employees and managers to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance criteria are met. Participation in the plan is at the board's discretion, and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Performance base options:
The performance based options in issue by the Group vest when indicators of Group performance meet criteria defined in the options certificate. External indicators include growing firmwide AUM, increasing the number of ETP certificates in issue and the customer count. Internal metrics such as measures of team performance are also used to track if the vesting criteria are being met.

The options have an exercisable period of 10 years from the vest date. At the reporting date no options were exercisable however 1,111,200 had met their vesting performance criteria.

Time based options:
There are two separate options in issue. Some of the time based options in issue by the Group have a vesting period of between 2-3 years from the issue date and expire 10 years from the vesting date. Other options issued in March 2021 vest in 8 equal tranches, on a quarterly basis, over a two year period.

Details of the share options outstanding during the year are as follows:

Performance Based Options	**2021**		**2020**	
	Number of share options	**Weighted average exercise price £**	**Number of share options**	**Weighted average exercise price £**
Outstanding at beginning of year	1,944,600	1.43	-	-
Granted during the year	-	-	1,944,600	1.43
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	**1,944,600**	**1.43**	**1,944,600**	**1.43**
Exercisable at the end of the year	**1,156,198**		**-**	

Time Based Options	**2021**		**2020**	
	Number of share options	**Weighted average exercise price £**	**Number of share options**	**Weighted average exercise price £**
Outstanding at beginning of year	1,011,320	1.43	-	-
Granted during the year	557,433	8.33	1,011,320	1.43
Forfeited during the year	(21,776)	1.43	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	**1,546,977**	**3.88**	**1,011,320**	**1.43**
Exercisable at the end of the year	**68,808**		**-**	

No options were exercised during the current or prior year.

In 2021, share options were granted on 11 March and 20 April. The aggregate of the estimated fair values of the options granted on those dates is £1,767,589.

The options outstanding at 31 December 2021 had a weighted average exercise price of £3.88 and a weighted average remaining contractual life of 1.5 years.

In 2020, share options were granted on 23 March and 17 April. The aggregate of the estimated fair values of the options granted on those dates was £541,056.

Grant date	Exercise price
November 2020	1.43
March 2021	3.82
April 2021	8.02
March 2022	6.58

The fair value of the options issued during the year at the grant date was calculated using the Black-Scholes methodology. The method takes into account the exercise price, the term of the option, the share price at the grant date, the expected volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the correlations and volatilities of peer group companies.

Expected volatility was estimated by taking the average value from comparable companies also operating around digital assets.

26. Retirement benefit plans

Defined contribution plans

The Group operates defined contribution retirement benefit plans for all qualifying employees. The assets of the plans are held separately from those of the Group in an independently administered fund.

The total expense recognised in profit or loss of £6,103 (2020: £4,294) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2021, contributions of £nil (31 December 2020: £nil, 1 January 2020: £nil) due in respect of the current reporting period were outstanding and included in accrued liabilities.

27. Financial instruments

The table below sets out the classifications of the carrying amounts of the Group's financial assets and financial liabilities. Non-current asset investments classified and accounted for as financial instruments are disclosed separately in note 14.

	31 December 2021 £	31 December 2020 £	1 January 2020 £
Financial assets measured at amortised cost			
Accounts receivable	**1,416,181**	819,708	1,008,151
Amounts due from brokers	**118,975,658**	66,517,815	39,405,202
Amounts due from exchanges	**15,419,993**	4,577,042	1,513,436
Amounts owed by related parties	**500,591**	1,105,765	368,140
Cash at bank	**10,775,650**	2,265,817	2,350,042
Deposits paid	**252,558**	157,077	185,268
Interest receivable	**-**	11,163	4,520
Letter of credit	**-**	166,498	171,576
Other assets	**38,239,204**	23,282,573	23,110,500
Loans receivable	**1,122,926**	265,000	265,000
	186,702,761	99,168,458	68,381,835

	31 December 2021 £	31 December 2020 £	1 January 2020 £
Financial assets measured at fair value through profit or loss			
Exchange traded products	**994,012,707**	30,691,203	-
	994,012,707	30,691,203	-

	31 December 2021 £	31 December 2020 £	1 January 2020 £
Financial liabilities measured at amortised cost			
Accounts payable	**1,187,268**	192,846	215,150
Amounts due to brokers	**292,706,977**	112,120,817	37,630,992
Amounts due to exchanges	**27,332,894**	31,814,911	22,844,183
Amounts owed to related parties	**224,724**	458,857	-
Loans payable	**161,381,478**	1,728,325	332,823
Lease liabilities	**311,513**	1,186,794	1,611,699
	483,144,854	147,502,550	62,634,847

	31 December 2021 £	31 December 2020 £	1 January 2020 £
Financial liabilities measured at fair value through profit or loss			
Certificate liability	**3,308,728,916**	1,757,564,551	395,510,482
	3,308,728,916	1,757,564,551	395,510,482

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The carrying value of the Group's financial assets and financial liabilities measured at amortised cost is not materially different to their fair value.

The table below sets out the individual components of the Group's realised gain on financial instruments.

	2021 £	2020 £
Realised gain on financial instruments		
Loss on perpetual contracts settled through digital assets (i)	**(15,292,128)**	(22,684,413)
Gain on other financial instruments settled through digital assets (i)	**37,460,179**	39,174,765
Total gain on financial instruments settled through digital assets	**22,168,051**	16,490,352
Loss on other financial instruments (ii)	**(2,505,835,019)**	(1,414,926,401)
Total loss on financial instruments	**(2,483,666,968)**	(1,398,436,049)

(i) Gain on financial instruments through perpetual and other contracts are settled in the underlying digital asset in which the contract is denominated.

(ii) Loss on other financial instruments are cash settled and do not impact the Group's digital asset balance.

Financial instruments settled through digital assets

The Group has entered into perpetual and futures contracts with digital asset exchanges. These contracts offer synthetic exposure to digital assets while reducing working capital requirements.

A perpetual futures contract is a derivative product that is similar to a traditional futures contract, but has a few differing specifications:

1) There is no expiry or settlement; and

2) Perpetual contracts mimic a spot market and hence trade close to the underlying digital asset price. This is in contrast to a traditional futures contract which usually trades at a different price due to the time basis or time until maturity of the contract. The primary mechanism to tether the perpetual futures contract to the spot price is an interest funding mechanism.

The following table shows the exposure at the year end for financial instruments settled through digital assets, taking into account the underlying digital asset price and number of contracts held at the year end.

	31 December 2021 £	31 December 2020 £	1 January 2020 £
Perpetual Contracts			
BTC exposure	**(96,798,762)**	-	-
ETH exposure	**(82,493,333)**	-	1,806,586
dYdX exposure	**(167,533)**	-	-
XRP exposure	**(680,099)**	-	100,449
LTC exposure	**(1,337,789)**	-	-
1INCH exposure	**3**	-	-
MATIC exposure	**(3,529,050)**	-	-
MKR exposure	**(828,922)**	-	-
SOL exposure	**(7,298,113)**	-	-
BNB exposure	**5,693**	-	-
ADA exposure	**76**	-	-
Futures Contracts			
BTC exposure	**(7,478,012)**	(37,241,583)	(226,819)
ETH exposure	**(108,367)**	(4,841,966)	-
	(200,714,208)	(42,083,549)	1,680,216

	31 December 2021 Number	31 December 2020 Number	1 January 2020 Number
Perpetual Contracts			
BTC exposure	**(2,722)**	-	-
ETH exposure	**(29,513)**	-	18,186
dYdX exposure	**(26,947)**	-	-
XRP exposure	**(1,090,000)**	-	693,217
LTC exposure	**(12,000)**	-	-
1INCH exposure	**2**	-	-
MATIC exposure	**(1,889,830)**	-	-
MKR exposure	**(481)**	-	-
SOL exposure	**(58,095)**	-	-
BNB exposure	**15**	-	-
ADA exposure	**79**	-	-
Futures Contracts			
BTC exposure	**(211)**	(1,755)	(42)
ETH exposure	**(39)**	(8,864)	-
	(3,109,741)	(10,619)	711,361

28. Financial risk management objectives and policies and capital management

The Group invests in a portfolio of digital assets and derivatives on a non-directional risk basis to generate a return, which matches its financial obligations to certificate holders. In pursuing its investment objective, the Group invests in digital assets and has a liability exposure towards certificate holders linked to digital assets, as well as the specific operational risks to trading and holding digital assets.

The following sets out a description of the principal risks inherent to the activities of the Group along with the action taken to manage these risks.

a) Market risk

i) Currency risk

The Group seeks to mitigate currency risk and within its subsidiary, CSCMJL, automatically converts amounts received in EUR and SEK from the sale of certificates by investors to US$. US$ is the functional currency of CSCMJL which automatically converts US$ to EUR and SEK as required to facilitate the redemption of notes. From time to time CSCMJL may hold small currency balances in currencies other than US$ to facilitate operational expenses and occasionally holds EUR on a temporary basis for the purchase of digital assets. On the basis of the above information, the Group believes currency risk is not material.

ii) Interest rate risk

Interest rate risk is the risk that the value of the Group will be impacted by fluctuations in the prevailing levels of market interest rates.

The majority of the Group's financial assets and liabilities are either non-interest bearing, or at a fixed interest rate and as a result, the Group is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

iii) Digital asset price risk

Digital assets are an extremely volatile asset class. Digital asset price risk arises from the uncertainty about future prices of the digital assets, impacting both the fair value of the digital assets held by the Group and the fair value of the liabilities of the Group towards certificate holders.

To mitigate its exposure to changes in prices of digital assets, any exposure to changes in prices on the digital assets held is matched by the changes in value of the obligations to security holders. The Group does hold some strategic digital asset balances for its own account over and above the amounts required to hedge its obligations. Movement in digital asset prices is illustrated in the sensitivity analysis presented in note 28e.

Reports are circulated every ten minutes to the team members showing the net digital assets exposure. In addition, the traders are constantly monitoring the net exposure, being the number of digital assets held versus the number of currencies required to cover the exposure towards certificate holders.

b) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group. Whilst there is an inherent credit risk in the digital asset market place due to the nature of digital assets, it is the Group's policy to only enter into transactions with reputable counterparties. Therefore the Group does not expect to incur material credit losses in respect of digital assets.

Certain transactions that the Group may enter into exposes it to the risk that the counterparty will not deliver the asset (purchase) or cash (sale) after the Group has fulfilled its responsibilities. The Group only transacts with brokers which have been approved by the Group as acceptable counterparties.

The carrying amount of the financial assets best represents the maximum exposure to credit risk. The carrying amount is £186,702,761 (31 December 2020: £99,168,458, 1 January 2020: £68,381,835).

Credit risk is actively managed by transferring the cash positions to low credit risk counterparties, such as Silvergate Bank and Interactive Brokers LLC.

Silvergate Capital Corporation is a registered bank holding company for Silvergate Bank, headquartered in La Jolla, California. Silvergate Bank is a commercial bank that opened in 1988, has been profitable for 22 consecutive years, and has focused its strategy on creating the banking platform for innovators, especially in the digital asset industry, and developing product and service solutions addressing the needs of entrepreneurs. As of 30 September 2021, Silvergate had total assets of US$12.78 billion, total deposits of US$11.66 billion, and total stockholders' equity of US$1.07 billion.

Interactive Brokers LLC's credit rating is BBB+ with a positive outlook.

It was necessary for operational reasons to keep a balance with some exchanges, in order to purchase digital assets, as required to match the asset/liability exposure. When digital assets are sold on other exchanges, the proceeds held at these exchanges are wired to Silvergate Bank to mitigate the credit exposure with brokers.

Bitstamp is regulated by the CSSF, the Luxembourg regulator, and holds a payment institution license.

The Group also has receivables as a result of loans (see note 16). In the case of loans, the Group has been provided with collateral such as digital assets against the loans, meaning that should the counterparty be unable to meet its commitment, the Group has assets which it would then have available to use. The Group therefore does not expect to incur material losses with these loans.

Included in other assets disclosed in note 16 are shares in ETPs, valued at £994,012,707 (31 December 2020: £30,691,203, 1 January 2020: £nil), used to provide exposure to digital assets and are held as a part of the Group's collateral management obligations. These ETPs are fully collateralised and management maintains regular communications with their operators. The ETPs are regulated and audited.

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities, in particular towards certificate holders.

The following maturity analysis shows that liquidity risks are dealt with through matching the maturity of the assets and liabilities.

	Carrying amount as at 31 December 2021 £	On demand £	Less than 3 months £
Current assets			
Accounts receivable	1,416,181	-	1,416,181
Amounts due from brokers	118,975,658	118,975,658	-
Amounts due from exchanges	15,419,993	15,419,993	-
Amounts owed by related parties	500,591	500,591	-
Cash at bank	10,775,650	10,775,650	-
Digital assets*	2,761,629,509	2,761,629,509	-
Other assets	1,046,078,593	-	169,566
Total current assets	3,954,796,175	2,907,301,401	1,585,747

	Carrying amount as at 31 December 2021 £	On demand £	Less than 3 months £
Current liabilities			
Accounts payable	1,187,268	1,187,268	-
Accrued liabilities	6,820,150	-	6,820,150
Amounts due to brokers	292,706,977	292,706,977	-
Amounts due to exchanges	27,332,894	27,332,894	-
Amounts owed to related parties	224,724	224,724	-
Certificate liability	3,308,728,916	3,308,728,916	-
Current tax liability	2,578,333	-	-
Lease liabilities	210,356	-	52,969
Loans payable	161,381,478	161,381,478	-
Total current liabilities	3,801,171,096	3,791,562,257	6,873,119
Net current assets	**153,625,079**	**(884,260,856)**	**(5,287,372)**

	Carrying amount as at 31 December 2020 £	On demand £	Less than 3 months £
Current assets			
Accounts receivable	819,708	-	-
Amounts due from brokers	66,517,815	66,517,815	-
Amounts due from exchanges	4,577,042	4,577,042	-
Amounts owed by related parties	1,105,765	1,105,765	-
Cash at bank	2,265,817	2,265,817	-
Digital assets*	1,826,694,524	1,826,694,524	-
Other assets	55,731,309	200,164	-
Total current assets	1,957,711,980	1,901,361,127	-

	Carrying amount as at 31 December 2020 £	On demand £	Less than 3 months £
Current liabilities			
Accounts payable	192,846	192,846	-
Accrued liabilities	1,124,009	-	1,124,009
Amounts due to brokers	112,120,817	112,120,817	-
Amounts due to exchanges	31,814,911	31,814,911	-
Amounts owed to related parties	458,857	458,857	-
Certificate liability	1,757,564,551	1,757,564,551	-
Current tax liability	397,690	-	-
Lease liabilities	395,010	-	52,969
Loans payable	1,728,325	1,728,325	-
Total current liabilities	1,905,797,016	1,903,880,307	1,176,978
Net current assets	**51,914,964**	**(2,519,180)**	**(1,176,978)**

* As disclosed in note 2 digital assets are not financial instruments however there is an active market and they are readily realisable on demand.

Pursuant to contractual agreements between certificate holders and the Group, the Group is providing hedging services to certificate holders by buying digital assets to match the liabilities of the Group.

Liquidity issues could arise as a result of the redemption of certificates. In this case, the Group would be required to have sufficient liquidity to finance the redemption of the certificates. The prospectus and final terms for each series of notes issued by XBTP define the formula at which the certificates can be redeemed based on an average of the price of the reference digital assets on three different exchanges to provide the contractual exposure defined in the final terms.

The terms and conditions of the certificates include provisions under which, upon the occurrence of certain market disruptions, delays in the settlement of the certificates may be incurred or certain modifications be made. Each certificate holder may exercise the holder put option and have their certificates redeemed on the tenth business day following the end of the calendar month after the month of the exercise of the notice, in case the calculation agent determines that an asset disruption event has occurred, the certificates' redemption will be postponed until the asset disruption event ceases. These contractual provisions would also act as liquidity risk mitigating factor for the Group.

In the first instance, the cash held at brokers, and then the cash at bank would be used, while the proceeds from the sale of the digital assets would be transferred to pay the noteholders.

Liquidity would be generated by trading the digital assets already held at the exchanges. The float of digital assets held at the exchanges is monitored in real time by the trading team to make sure that the float is sufficient to deal with possible redemption requests. When the trading team believes that more digital assets are required, digital assets held in cold storage with Komainu (2020: Komainu and Coinbase Custody) are transferred within 48 hours to the exchanges. Conversely, when the amount of digital assets held at exchanges is in excess of the liquidity requirements, then digital assets are transferred to cold storage with Komainu (2020: Komainu and Coinbase Custody).

The liquidity risk is further mitigated by only holding the most liquid digital assets, Bitcoin and Ethereum (2020: Bitcoin, Ethereum, Litcoin and XRP), for the purpose of hedging the notes.

For the securities held by CSDSL, liquidity issues could arise as a result of the redemption of securities. In this case, the Group would be required to have sufficient liquidity to finance the redemption of the securities. The prospectus and final terms for each security define the formula at which the securities can be redeemed based on a coin entitlement.

Securities holders can request redemption of their securities which will be settled two business days following a valid redemption notice. The Group ensures that it holds the relevant digital asset at all times to be able to meet these redemptions.

d) Capital risk management

The capital of the Group is represented by the net assets attributable to ordinary shareholders. The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Group. This is achieved through actively managing the Group's Bitcoin, Ethereum, and related products.

For the purpose of the Group's capital management, capital includes issued share capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group has minimal debt and has a policy of keeping the gearing ratio as low as possible.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2020.

e) Operational risk

These are risks relating to losses as a result of operational matters such as having inappropriate or insufficient routines, human error, systems failures and legal risks.

The main operational risk for the Group would be the inability to provide the contractual hedge through either systems failures or continuity planning issues. The risk is mitigated through the use of a highly secure algorithmic trading platform hosted in the cloud to mitigate the risk of human error. The business continuity plan was tested, and demonstrated that the traders can perform their work from anywhere.

The Group has controls designed to monitor transactions, and flag any possible inconsistencies in trading, acting as further mitigating factors for human error.

The risk of hacking, and losing digital assets in digital wallets due to fraud is reduced through the majority of the digital assets being kept in cold storage with Komainu (2020: Komainu and Coinbase Custody), providing a cold storage vault. In addition to limiting the exposure to fraud for the Group, it also reduces the exposure to hacking of the exchanges. The exchanges are constantly monitored and the Group has built a net asset buffer which reduces operational risk.

The cyber risks are mitigated through the use of systems to prevent external attacks (firewalls, detection of possible phishing emails, encryption using secure keys and strong physical security for example).

	Carrying amount as at 31 December 2021 £	Price change -50% £	Price change 100% £
Assets			
Bitcoin	1,141,472,252	622,366,174	2,179,684,408
Ethereum	1,451,213,511	766,946,866	2,819,746,802
Litecoin	3,436,376	2,389,231	5,530,664
XRP	2,668,535	1,674,317	4,656,971
Other digital assets	165,527,694	123,656,010	249,271,064
Other assets	1,236,967,038	739,960,684	2,230,979,744
Total assets	4,001,285,406	2,256,993,282	7,489,869,653
Liabilities			
Certificate liability	3,308,728,916	1,588,632,296	6,748,922,156
Other liabilities	492,543,337	489,105,173	499,419,666
Total liabilities	3,801,272,253	2,077,737,469	7,248,341,822
Net assets	**200,013,153**	**179,255,813**	**241,527,831**

	Carrying amount as at 31 December 2020 £	Price change -50% £	Price change 100% £
Assets			
Bitcoin	1,478,410,988	757,826,203	2,919,580,558
Ethereum	341,387,801	173,114,883	677,933,636
Litecoin	3,354,468	1,677,257	6,708,890
XRP	3,195,031	1,597,516	6,390,062
Other digital assets	346,236	346,236	346,236
Other assets	136,418,230	120,712,708	167,829,275
Total assets	1,963,112,754	1,055,274,803	3,778,788,657
Liabilities			
Certificate liability	1,757,564,551	851,603,442	3,569,486,769
Other liabilities	149,024,249	149,024,249	149,024,249
Total liabilities	1,906,588,800	1,000,627,691	3,718,511,018
Net assets	**56,523,954**	**54,647,112**	**60,277,639**

The above analysis shows the impact of both a fifty percent decline and a one hundred percent increase in digital assets prices. A 50% decline in digital asset prices would reduce the Group's net asset position to £179.3 million (2020: £54.6 million) and does not create any going concern issues.

29. Guarantee

The Group has issued a guarantee in respect of tracker certificates issued by XBTP.

The obligations arising on XBTP from the certificates are managed by CSCMJL, which hedges the exposure of these liabilities.

CSCMJL has procured a hedge to cover the obligations of XBTP to the certificate holders by having an identical exposure in digital assets under the terms of the collateral management agreement. At 31 December 2021, CSCMJL recorded a net equity position of £139.3 million (US$188.4 million) (2020: £50.6 million (US$69.2 million)).

The guarantee could be called in the case of extreme events, such as an operational error, hacking or fraud impacting the hedging provided by CSCMJL which results in CSCMJL's net equity being insufficient to settle XBTP's obligations. In the opinion of the directors, there are sufficient controls and processes in place to mitigate such a risk by; (i) holding a float of digital assets at the exchanges which is monitored by the trading team to ensure there is a sufficient balance to deal with any redemption requests, (ii) using controls designed to monitor unusual transactions to mitigate factors for human error, (iii) CSCMJL's automatic trading system is designed so that exposure to changes in prices of digital assets are matched by changes in value of the obligations towards XBTP, (iv) limiting exposure to currency risk by using US$ as the functional currency and hedging foreign currency exposures by regularly monitoring all foreign currency denominated assets and liabilities, (v) storing the majority of digital assets offline with an institutional custody service and (vi) using a secure algorithmic trading platform hosted on the cloud.

As a result of the controls and processes in place, the directors consider that the risk of the guarantee being called on is very remote, and accordingly there is no provision or liability recorded within these financial statements.

30. Related Party Transactions

The entities which make up the Group and investments held by the Group are listed in note 14.

CoinShares General Partner Limited was the General Partner to CoinShares Fund I LP ('CS1LP') and CoinShares Fund I (Feeder) LP ('CS1 Feeder'). The Group has settled expenditure of £nil (2020: £15,114) and £nil (2020: £9,233) for CS1LP and CS1 Feeder respectively. The Group has written off loans of £nil (2020: £500 and £13,934 for CS1LP and CS1 Feeder respectively) in respect of expenses settled previously. The Group earned £nil (2020: £13,468 (US$17,133)) in carried interest upon the closure of CS1LP.

CoinShares GP II Limited is the General Partner to CoinShares Fund II LP ('CS2LP') and CoinShares Fund II (Feeder) LP ('CS2 Feeder'). The Group has settled expenditure of £nil (2020: £7,769) for CS2LP. The Group has written off loans of £nil (2020: £13,934) for CS2 Feeder in respect of expenses settled previously and now has outstanding amounts of £nil (2020: £4,133) for CS2LP at year end. The carried interest recognised as at the year end is £2,125,563 (2020: £46,323) held as an investment.

The Group has a joint venture investment in GTSA. The Group has provided a fixed term loan of CHF100,000 that is repayable on 28 February 2021 and is interest free. As at the end of the year, the full CHF100,000 is outstanding. An amount of £81,048 (2020: £81,000) has been recognised as a receivable at the year end for this amount.

The Group has an investment in Komainu Holdings Limited ('KHL') of which Mr Jean-Marie Mognetti was a director. The Group has settled expenditure on behalf of KHL of £57,978 (2020: £26,004) of which £2,360 (2020: £33,896) remains outstanding at year end. The Group has a recharge agreement with KHL which allows for use of office facilities and staff. £212,760 (2020: £212,760) has been charged for this of which £17,730 (2020: £301,410) is outstanding at the year end. Komainu (Jersey) Limited ('KJL'), a wholly owned subsidiary of KHL provides custodial services to the Group. During the year, the Group paid fees to KJL of £3,352,248 (US$4,614,891) (2020: £933,736 (US$1,206,891)) of which £219,867 (US$297,412) (2020: £196,382 (US$268,333)) was outstanding at the year end. The Group has settled expenditure on behalf of KJL of £13,976 (2020: £3,120) of which £nil (2020: £3,120) remains outstanding at year end. KJL also settled expenditure on behalf of the Group of £11,854 (2020: £nil) of which £1,526 (2020: £nil) was outstanding at the year end.

The only transactions with key management personnel are in relation to remuneration which has been disclosed in note 8. As at year end no amounts remained payable.

31. Post balance sheet events

The Group has launched seven new ETPs, all issued by CoinShares Digital Securities Limited ('CSDSL'). On 26 January 2022 ETPs referencing Tezos and Polkadot were launched. On 11 March 2022 an ETP referencing Cardano was launched. On 23 March 2022, an ETP referencing Solana was launched in partnership with FTX. These ETPs, which are part of the CoinShares Physical product suite, are listed on Germany's main market Börse Xetra and are designed to share the rewards of staking with investors. On 28 April 2022 an ETP referencing FTX Token was launched in partnership with FTX. On 4 May 2022 ETPs referencing Chainlink and Uniswap were launched on Börse Xetra. These ETPs have a management fee in a similar manner to the existing products at year end.

On 14 March 2022, the Group acquired an additional 20.8% stake in Swiss-based FlowBank. This acquisition was priced at CHF 24,740,000 (£20,257,103). Following this acquisition, the Group now holds 29.3% of FlowBank. Due to the quantum of the shareholding this investment is now classified as an associate and accounted for using the equity method.

Since 31 December 2021, the total market capitalisation of all cryptocurrencies in circulation declined from £1.62 trillion to £1.05 trillion on 17 May 2022, representing a decline of 35%.

This decline has an impact on the financial statements of the Group, as the majority of the Group's assets and liabilities are either digital assets, or intrinsically linked with the price of digital assets. It is noted however that these fluctuations have a limited impact on the net asset position of the Group, as the majority of assets are held in order to hedge the liability which arises from the issuance of the Group's exchange traded products. Any decrease/increase seen in the fair value of digital assets held will bring with it a corresponding decrease/increase in this liability.

32. First time adoption of IFRS

Group reconciliation of equity as at 1 January 2020 (date of transition to IFRS)

	Notes	FRS 102 £	Reclassification and remeasurements £	IFRS at 1 January 2020 £
Assets				
Non-current assets	a, b	6,290,325	1,652,737	7,943,062
Current assets	b	496,289,942	(40,094)	496,249,848
		502,580,267	1,612,643	504,192,910
Liabilities				
Current liabilities	b	(457,236,799)	(352,527)	(457,589,326)
Non-current liabilities	b	-	(1,207,121)	(1,207,121)
		(457,236,799)	(1,559,648)	(458,796,447)
Net assets		**45,343,468**	**52,995**	**45,396,463**
Equity		**45,343,468**	**52,995**	**45,396,463**

Group reconciliation of equity as at 31 December 2020

	Notes	FRS 102 £	Reclassification and remeasurements £	IFRS at 1 January 2020 £
Assets				
Non-current assets	a, b	4,198,821	1,201,953	5,400,774
Current assets	b	1,957,752,074	(40,094)	1,957,711,980
		1,961,950,895	1,161,859	1,963,112,754
Liabilities				
Current liabilities	b	(1,905,454,057)	(342,959)	(1,905,797,016)
Non-current liabilities	b	-	(791,784)	(791,784)
		(1,905,454,057)	(1,134,743)	(1,906,588,800)
Net assets		**56,496,838**	**27,116**	**56,523,954**
Equity		**56,496,838**	**27,116**	**56,523,954**

Group reconciliation of total comprehensive income for the year ended 31 December 2020

	Notes	FRS 102 £	Reclassification and remeasu-rements £	IFRS for the year ended 31 December 2020 £
Loss after income tax expense	a, b, d	(1,390,609,721)	136,608	(1,390,473,113)
Other comprehensive income	b	1,409,028,696	818	1,409,029,514
Total comprehensive income		**18,418,975**	**137,426**	**18,556,401**
Total comprehensive income attributable to				
Owners of the parent	a, b, d	16,749,711	137,426	16,887,137
Non-controlling interests		1,669,264	-	1,669,264
		18,418,975	**137,426**	**18,556,401**

Notes to the reconciliation of equity as at 1 January 2020 and 31 December 2020 and total comprehensive income for the year ended 31 December 2020

a) Under FRS 102, the Group amortised goodwill over its deemed useful economic life. Under IFRS, goodwill is deemed to have an indefinite useful economic life and is not amortised. As a result, the Group recognised an increase of £1,567 in the carrying value of goodwill at 31 December 2020 (an increase of £944 at 1 January 2020), with a corresponding increase in retained earnings at those dates.

b) Leases

Under FRS 102, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term. Under IFRS, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At the date of transition to IFRS, the Group applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of transition to IFRS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments.

As a result, the Group recognised lease liabilities of £1,186,794 at 31 December 2020 (1 January 2020: £1,611,699) and right of use assets of £1,200,386 at 31 December 2020 (1 January 2020: £1,651,793) and a decrease of £40,094 (1 January 2020: £40,094) of prepayments in relation to prepaid rent. The lease incentive of £52,051 (1 January 2020: £52,051) included within accrued liabilities has been recognised in retained earnings on transition.

c) Statement of cash flows

Under FRS 102, a lease is classified as a finance lease or an operating lease. Cash flows arising from operating lease payments are classified as operating activities. Under IFRS, a lessee generally applies a single recognition and measurement approach for all leases and recognises lease liabilities. Cash flows arising from payments of principal portion of lease liabilities are classified as financing activities. Therefore, cash outflows from operating activities decreased by £429,271 and cash outflows from financing activities increased by the same amount for the year ended 31 December 2020.

d) Foreign exchange translation reserve

Under FRS 102, cumulative foreign currency translation gains and losses accumulate in the foreign exchange translation reserve and are transferred to retained earnings upon disposal of foreign operation they relate to. Under IFRS, these cumulative foreign currency translation gains and losses are recycled through profit or loss in the year of disposal.

As a result, the Group recognised an increase in total comprehensive income in the year to 31 December 2020 of £163,305. There was no impact on reserves in respect of this transition adjustment.

Supplementary statement for the year ended 31 December 2021 (unaudited)

	2021 £	2020 £
Administration expenses		
Amortisation of intangible assets	**874,180**	1,975
Auditor's remuneration	**334,500**	150,000
Audit and accountancy fees	**159,739**	157,013
Bad debt write off	**523,833**	57,951
Consultants and contractors	**10,253**	-
Depreciation	**395,849**	646,759
Directors' salaries and national insurance	**5,372,098**	2,780,557
Entertainment	**59,820**	30,771
General expenses	**1,128,187**	1,060,061
HR related	**173,055**	156,703
IT Expenses	**662,695**	368,665
Legal fees	**799,788**	777,477
Long term consultants	**176,622**	160,750
Marketing	**1,897,349**	576,120
Office expenses	**93,610**	61,391
Professional fees	**2,172,880**	467,847
Project costs	**-**	(5,112)
Rent charged	**649,320**	619,804
(Gain)/loss on foreign exchange	**(329,692)**	94,765
Staff salaries	**9,555,794**	3,922,048
Trading expenses	**7,138,096**	2,182,058
Travel and hotel accommodation	**211,284**	51,979
	32,059,260	14,319,582

This table is unaudited and does not form part of the statutory financial statements.

2021 ANNUAL GENERAL MEETING

NOTICE OF VIRTUAL ANNUAL GENERAL MEETING OF COINSHARES INTERNATIONAL LIMITED ON 20 JUNE 2022

Notice is hereby given that the **Annual General Meeting of CoinShares International Limite**d will take place on **Monday, 20 June 2022 at 13:00 BST** in the form of a virtual event without the physical presence of the shareholders or their proxies.

The entire Annual General Meeting will be broadcast live online (audio and video) via Wavecast.io and will be open for all shareholders who are entered in the company's stock register on the day of the Annual General Meeting. The exercise of shareholder rights, in particular the exercise of voting rights, requires registration for the meeting in due time and in the proper form and will be performed by poll during the meeting or by granting power of attorney to company proxies. The location of the Annual General Meeting for the purposes of the minutes is the Company's registered office, 2 Hill Street, St Helier, Jersey, JE2 4UA.

RIGHT TO ATTEND THE ANNUAL GENERAL MEETING AND NOTICE

Shareholders wishing to attend the Annual General Meeting must:

1. on the record date, which is 10 June 2022, be registered in the share register maintained by Euroclear Sweden AB. Shareholders, whose shares are registered in the name of a nominee, must temporarily register the shares in their own name at Euroclear Sweden AB. Shareholders whose shares are registered in the name of a nominee must, no later than on 10 June 2022, via their nominee, temporarily register the shares in their own name in order to be entitled to participate at the general meeting. In order to re-register shares in time, shareholders should make the request via their nominee in good time before this date.

2. notify the participation at the general meeting no later than 10 June 2022. Notice of participation at the general meeting may be given by following the registration instructions detailed on the Reports Portal on the Company's website or here. Upon notification, the shareholder must state their full name, personal identification number (date of birth for non-Swedish investors) or corporate registration number, postal and email address, as well as the number of shares held.

PROPOSED AGENDA

1. Opening of the meeting and election of the chairman of the general meeting
2. Preparation and approval of voting list
3. Election of one person to certify the minutes
4. Determination of whether the general meeting has been duly convened
5. Approval of the agenda
6. Presentation from the chief executive officer
7. Tabling of the annual report and audit report and the group annual report and group audit report

8. Resolutions regarding:
   a) adoption of income statement and balance sheet and group income statement and group balance sheet;
   b) appropriation of the Company's profit and loss in accordance with the adopted balance sheet; and
   c) discharge of liability for the directors and the chief executive officer for the financial year ended 31 December 2021
9. Determination of remuneration to the board of directors and the chief executive officer
10. Election of the board of directors and the auditors
11. Election of the chairman of board of directors
12. Resolution regarding adoption of the remuneration procedure
13. Resolution regarding adoption of principles for the nomination committee
14. Resolution regarding authorising the board of directors to decide on repurchase and transfer of own shares
15. Resolution regarding amendments to the Company's articles of association
16. Open floor for shareholder questions

PROPOSALS FOR RESOLUTIONS

ITEM 1: OPENING OF THE MEETING AND ELECTION OF CHAIRMAN OF THE GENERAL MEETING

It is proposed that Daniel Masters be appointed as chairman of the general meeting.

ITEMS 9-11: DETERMINATION OF REMUNERATION TO THE BOARD OF DIRECTORS AND THE AUDITORS, ELECTION OF THE BOARD OF DIRECTORS AND THE AUDITORS AND ELECTION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

It is proposed that the board shall consist of six directors. It is further proposed that the number of auditors shall be one registered accounting firm.

It is proposed that the remuneration is to be not more than GBP 325,000 in total, including remuneration for committee work (GBP 491,134 previous year), and shall be paid to the board of directors in the amount of GBP 50,000 for each of the non-employed directors, which includes all committee membership and committee chair positions, and GBP 125,000 to the chair provided that the chair is not an employee.

The board of directors proposes that the board be authorised to fix the fees payable to the external auditors in respect of the audit of the Company's financial statements for the year ended 31 December 2022.

It is proposed to re-elect the current directors Jean-Marie Mognetti, Carsten Køppen, Johan Lundberg, Christine Rankin and Viktor Fritzén. It is also proposed that Daniel Masters be re-elected as chairman of the board.

The board of directors proposes the re-election of the registered audit firm Baker Tilly Channel Islands Limited as the company's auditor for a period up until the end of the next annual general meeting. Baker Tilly Channel Islands Limited has confirmed its appointment of Ewan John Spraggon as main responsible auditor.

Independence in accordance with the Swedish Corporate Governance Code

After an assessment of the proposed directors' independence the Company has found that the proposal for the composition of the board of directors fulfils the requirements stipulated in the Swedish Corporate Governance Code.

Each of Carsten Køppen, Johan Lundberg, Christine Rankin and Viktor Fritzén are considered independent to the company, the management of the company and the company's majority shareholders.

Daniel Masters is considered independent to the management of the company but is not considered independent to the company or the company's majority shareholders.
Jean-Marie Mognetti is not considered independent to the company, the management of the company nor the company's majority shareholders.

Further information regarding the proposed directors for re-election and also proposed Chairman of the Board

DANIEL MASTERS, Chairman
Education and background: Daniel has been a board member since 2008, and holds a Master's degree in Management Science and Operational Research from Imperial College. He has more than 30 years of experience in energy trading. He was, among other things, the Head of Global Energy Trading for Morgan Guaranty Trust Company (MGT), oversaw several of the trading and risk management functions at the Energy Division of Salomon, Inc., was involved in the establishment of the natural gas and electricity markets in the UK, completed some of the first forward contracts for electricity and was one of the first and most active participants in the market for Contracts for Difference in Europe.
Current Assignments: Director and Shareholder of GABI Ventures Limited; Director of CB Limited; Director of CommerceBlock Limited; Director of CommerceBlock Holding Limited; Director of Globacap Limited; Director of Aventures Holdings Limited; Director and Shareholder of Crypto Composite Limited; Director and Shareholder of Satoshipay Limited; Council Member of Tezos Foundation; Tokenholder and Consultant to Pendulum; LP Interest in Concarlo Holdings LLC; LP Interest in Ospraie AG Science LLC; Preference Shareholder in Cormint Systems; Minority Shareholder in Globacap Limited; Security Tokenholder in BanQu LLC; Shareholder in Betlion; Shareholder in Crypto Coin Comparison Limited; Minority Shareholder in Kingdom Services Holding; Shareholder in AA Games Studio; Shareholder in Attomarker; LP of Scytale Horizon II Fund.
Year of birth: 1963
Nationality: British
Direct or related person ownership in the Company: 15,255,480 shares (22.36%)

JEAN-MARIE MOGNETTI
Education and background: Jean-Marie has been a board member since 2014 and holds a Master's degree in Mathematical Trading and Finance from Sir John Cass Business School. Jean-Marie is an experienced commodities trader with a background and expertise in quantitative analysis, risk management and alpha-generation through macro commodity-oriented programs, including cryptocurrencies. Prior to joining CoinShares, Jean-Marie was a quantitative strategist with Hermès Commodities Fund Managers.
Current Assignments: Director of FlowBank SA; Director of FlowB Holding Switzerland SA; Council Member of the Aventus Protocol Foundation; Director of JFM & FK Management Services; Director and Shareholder of Mognetti Partners Limited; Director of Komainu Holdings Limited; Director of Tactiques D'avant-Garde (Jersey) Limited.

Year of birth: 1984
Nationality: French
Direct or related person ownership in the Company: 11,824,359 shares (17.33%)

CARSTEN KØPPEN
Education and background: Carsten joined the Board of Directors in 2020 and is independent in relation to the company, management and major shareholders.. He holds a Diploma in Banking from the Danish School of Banking. Carsten has 35 years of experience in financial services, including stock exchange equity trading, investment advisory, capital market debt and fixed income, alternative asset management and asset servicing. He is a specialist in corporate governance and best practices within the alternative investment fund industry, and is also, among other things, independent, regulated non-executive director and Member of the Board to various alternative investment structures and managers.
Current Assignments: Director of Triton Investment Management Limited; Director of Alpenhof Limited; Director of Octopus Aternative Investment Fund Management Limited; NED of GSG Ethereum Enhanced Master Fund Limited; NED of GSG Digital Frontier Master Fund Limited; Council Member of the Aventus Protocol Foundation.
Year of birth: 1964
Nationality: Danish
Direct or related person ownership in the Company: 4,150 shares (0.01%)

JOHAN LUNDBERG
Education and background: Johan joined the Board of Directors in 2020, and is independent in relation to the company, management and major shareholders. He holds an MBA in Finance from Stockholm School of Economics, and an MBA in International Strategy from Stockholm University. Johan is a founding partner of NFT Ventures, an early- and growth-stage fund founded in 2014 to capture the opportunity in transformation of banking and financial services. Johan is also, among other things, Chairman of the Board of Investment AB Stentulpanen and Member of the Boards of Betsson AB, Ölands Bank AB and Loomis AB.
Current Assignments: Director of MR Cake AB; Director of MR Cake Göteborg AB; Director of MR Cake Retail AB; Director of MR Cake Holding AB; Director of Swiftcourt AB; Director of Fastighets AB Stentulpanen Stockholm; Director of Bostadsrättsföreningen Trojenborg nr 18; Director of Nordic Collection AB; Director of Svolder AB; Director of NFT Ventures AB; Director of NFT Ventures 1 AB; Director of NFT Ventures 2 AB; Director of NFT Ventures CV 1 AB; Director of NFT Ventures Invest AB; Director of Nordkap AB; Director of Ölands Bank AB; Director of Roy Fares AB; Director of Betsson AB; Director of Loomis AB; Director of Stentulpanen Fastigheter i Kalmar & Öland AB; Director of Stentulpanen Fastigheter Smedby AB; Director of Fastighets AB Stentulpanen; Director of Kapitalförvaltnings AB Stentulpanen; Director of PayGround AB; Director of Barcelona Development Corporation AB; Director of Barcelona Opportunity AB (publ); Director of SoliFast Holding AB; Director of SoliFast Sagacity AB; Director of Nft Growth 1 AB; Chairman and Director of Investment AB Stentulpanen; AB Stentulpanen Försäkringar; Director of SoliFast Sverige AB; Director of Mondido Payments AB; Director of Global Fintech Industries AB; Director of Lanbyte i Sverige AB; Director of Investment AB Vildtulpanen.
Year of birth: 1977
Nationality: Swedish
Direct or related person ownership in the Company: 2,500 shares (0.00%)

CHRISTINE RANKIN

Education and background: Christine joined the Board of Directors in 2021 and is independent in relation to the company, management and major shareholders. She is a former Partner at PWC and has held positions of trust at several organisations including Spotify, NASDAQ and Cherry Casino. She currently holds the position of Senior Vice President, Corporate Control of Veoneer, a worldwide leader in automotive technology. Christine earned her Bachelor in Business Administration and Economics from Stockholm University. She is a Swedish citizen and is based in Stockholm, Sweden.

Current Assignments: Director of Zenuity AB; Director of Veoneer AB; Director of Veoneer Sweden AB; Director of 4C Group AB.

Year of birth: 1964

Nationality: Swedish

Direct or related person ownership in the Company: Not applicable

VIKTOR FRITZÉN

Education and background: Viktor joined the Board of Directors in 2021 and is independent in relation to the company, management and major shareholders. He held the positions of Global Investment Research Analyst and Corporate Finance Analyst at Goldman Sachs and GP Bullhound respectively, before joining LeoVegas Group as CFO. He currently holds the position of non-executive director on the boards of Avanza Bank Holding AB, StickerApp Holding AB and others. Viktor earned his Master in Finance from the Stockholm School of Economics. He holds both Swedish and American citizenship and is based in Stockholm, Sweden.

Current Assignments: Director of Avanza Bank Holding AB; Director of Readly International AB (publ); Director of StickerApp Holding AB; Director of Appjobs Sweden AB; Director of Försäkringsaktiebolaget Avanza Pension; Minority investor (<1% of Shares) in Archax Ltd; Minority investor (<1% of Shares) in Vinter Capital.

Year of birth: 1985

Nationality: Swedish/American

Direct or related person ownership in the Company: 36,000 shares (0.05%)

Further information regarding the directors proposed for re-election is available at the company's website www.coinshares.com/investorrelations

ITEMS 12: RESOLUTION REGARDING ADOPTION OF THE REMUNERATION PROCEDURE

It is proposed that the following procedure relating to both the members of the Company's Board and its Executive Management team be considered for adoption at the annual general meeting.

The procedure describes the main principles, terms and conditions, and procedures for the allocation and payment of remuneration to each.

Remuneration Committee

The Board has established a Remuneration Committee to oversee a formal and transparent procedure for determining remuneration of the Board and Executive Management. The Remuneration Committee carries out the duties below for the Company, major subsidiary undertakings and the CoinShares Group as a whole. The General Meeting shall resolve upon the nature and quantum of fees payable to the Board.

The mandate and authority of the Remuneration Committee can be found in the Terms of Reference of the Remuneration Committee.

Written Agreements

Each member of Executive Management shall have in place a signed written contract of employment ("Contract").

As regards remuneration, and subject to determinations of the Remuneration Committee, the Contracts (in conjunction with any share option agreements) will set out the terms and conditions of any salary, fixed payments, discretionary bonuses, incentive payments, share options or other share awards and pension contributions (where relevant). These remuneration terms will vary dependent on role and responsibility and will aim to align Executive Management, on singular and collective basis, with the Company's purpose, values and strategic direction. Such contracts may be with the Company and/or a subsidiary of the Company.

Each member of the Board shall have in place a signed letter of appointment ("Letter").

As regards fees, and subject to determinations of the Remuneration Committee and requisite shareholder approval, these Letters will set out the quantum of fees (and any additional terms and conditions) payable to each Board member. The Letters are between each individual director and the Company.

The Remuneration Committee shall submit proposals to the shareholders, for consideration at the annual general meeting, any recommended amendments to fees the remuneration of the Board.

Please note the CEO is both a member of the Board and also Executive Management. He is remunerated through his written contract of employment and in his capacity as an employee of the Group and, as such, his remuneration is ultimately determined by the Board.

General Meeting of Shareholders

The fees paid to each of the elected board members shall be set by the shareholders at the annual general meeting.

Determination of Remuneration

The Company has adopted a discretionary bonus system allocating up to a certain percentage of the CoinShares Group annual total comprehensive income towards an annual cash bonus pool for all employees, inclusive of Executive Management (together, the "Eligible Recipients").

The Remuneration Committee decides the share of the annual total comprehensive income that will be made available for distribution. Furthermore, the Remuneration Committee decides on the quantum that will be allocated to Executive Management.

The quantum allocated to other employees is then divided between each business unit, with such allocations presented to the Remuneration Committee for approval. The heads of each respective business unit then decide how the discretionary bonus is to be allocated to each employee within their respective business unit, subject to the final approval of the CEO who ultimately monitors and moderates all decisions made in relation to discretionary bonus payments to Eligible Recipients.

Any discretionary bonus payments will be based on the performance of the Group and the Eligible Recipient concerned, during the previous year which aligns to the financial year i.e. 1 January - 31 December.

In addition, the Company at the determination of the Remuneration Committee may elect to offer remuneration in the form of share options to employees to incentivise and retain key individuals within the organisation. These awards will be made in accordance with the terms of the CoinShares Group share option scheme ('EIP').

Resignation

Board members, with the exception of the CEO who is also part of Executive Management, of the Company are not entitled to any benefits after their resignation, or removal, as members of the Board of Directors.

Swedish Corporate Governance Code

In designing the Remuneration Procedures, the Company has adopted the principals on remuneration of the board and executive management of The Swedish Corporate Governance Code.

ITEMS 13: RESOLUTION REGARDING ADOPTION OF PRINCIPLES FOR THE NOMINATION COMMITTEE

It is proposed that the following instruction for the nomination committee be considered for adoption at the annual general meeting.

Principals for appointment of the nomination committee

The nomination committee shall prior to the annual general meeting be composed of:

(i) representatives of the three largest shareholders of the company in terms of votes, who are registered in the share register maintained by Euroclear Sweden AB as of the last trading day in August each year, and
(ii) a representative of the board of directors, who shall also convene the nomination committee to its first meeting.

The nomination committee shall meet the requirements of composition set out in the Code. The majority of the members of the nomination committee are to be independent of the company and its executive management. Neither the chief executive officer nor other members of the executive management are to be members of the nomination committee. At least one member of the nomination committee is to be independent of the company's largest shareholder in terms of votes or any group of shareholders who act in concert in the governance of the company. If the larger shareholders who have the right to appoint members of the nomination committee wish to appoint persons with the consequence that the requirements of composition provided in the Code are not met, the first choice of the larger shareholder shall have precedence over a smaller shareholder. At the appointment of a new member, the shareholder who shall appoint the new member shall consider the composition of the current nomination committee.

Should any of the three largest shareholders abstain from their right to appoint a member of the nomination committee, the right to appoint a member shall pass to the next shareholder in line that does not already have the right to appoint a member of the nomination committee. However, the procedure shall only continue until the earlier of (i) five additional shareholders have been asked; or (ii) the nomination committee is complete.

The name of the members and the shareholders they represent shall be made public on the company's website no later than six months prior to the annual general meeting. The mandate period of the nomination committee shall extend until the next nomination committee is appointed. Changes in the composition of the nomination committee shall be made public on the website of the company as soon as they have occurred.

If a change in the company's ownership structure occurs after the last trading day in August but before the date which occurs three months ahead of the forthcoming annual shareholders' meeting, and if a shareholder that after this change has become one of the three largest shareholders in terms votes, who are registered in the share register of the company, makes a request to the chair of the nomination committee to be part of the nomination committee, the shareholder shall have the right, in the discretion of the nomination committee, either to appoint an additional member of the nomination committee or to appoint a member who shall replace the member appointed by the, after the changes in the ownership structure, smaller shareholder in terms of votes.

A shareholder who has appointed a member of the nomination committee has the right to dismiss the member and appoint a new member. If such an exchange takes place, the shareholder shall without delay give notice of this to the chair of the nomination committee (or, if it is the chair of the nomination committee who shall be exchanged, to the chair of the board of directors). The notification shall contain the name of the dismissed member and the person who shall replace him as member of the nomination committee.

A member who prematurely resigns from his task shall give notice of this to the chair of the nomination committee (or, if it is the chair of the nomination committee who resigns, to the chair of the board of directors). In such case, the nomination committee shall without delay call upon the shareholder who has appointed the member to appoint a new member. If a new member is not appointed by the shareholder, the nomination committee shall offer other larger shareholders with respect to votes, to appoint members of the nomination committee. Such offer shall be made in order of priority to the largest shareholders with respect to votes (that is, first to the largest shareholder with respect to votes who has not already appointed a member of the nomination committee or previously abstained from the right to do so, thereafter to the second largest shareholder with respect to votes who has not already appointed a member of the nomination committee or previously abstained from the right to do so etc.). The procedure shall continue until the earlier of (i) five additional shareholders have been asked; or (ii) the nomination committee is complete.

It is proposed that each of the non-employed members of the nomination committee be paid GBP 5,000 per annum and that the company shall defray all reasonable expenses that are required for the work of the nomination committee

Instruction of the nomination committee

The members of the nomination committee are to promote the common interests of all shareholders and not to reveal the content or details of nominations discussions unduly. Each member of the nomination committee is to consider carefully whether there is any conflict of interest or other circumstance that makes membership of the nomination committee inappropriate before accepting the assignment.

Tasks of the nomination committee

The nomination committee shall fulfil the tasks set out in the Code and shall, when applicable, present proposals for resolutions to an upcoming general meeting as regards:

1. Election of the chair of the general meeting.
2. Election of the chair and the members of the board of directors.
3. Fees and other remuneration to each of the elected board members and to the members of the board of director's committees.
4. Election of the auditor/auditors.
5. Remuneration to the auditor/auditors

The nomination committee's proposals are to be presented in the notice of the shareholders' meeting where the elections of board members or auditors are to be held as well as on the company's website. At a general meeting where the election of board members or auditors is to be held, the nomination committee is to present and explain its proposals with regard to the requirements concerning composition of the board set out in the Code. The nomination committee has the right, at the company's expense, to engage external consultants whom the nomination committee considers necessary to fulfil its task.

ITEM 14: RESOLUTION REGARDING AUTHORISING THE BOARD OF DIRECTORS TO DECIDE ON REPURCHASE AND TRANSFER OF OWN SHARES

The board of directors proposes that the Annual General Meeting resolves to authorise the board of directors to decide on purchases of the company's own shares in accordance with the following, main terms:

1. Share repurchases may be made only on Nasdaq First North Growth Market or any other regulated market.
2. The authorisation may be exercised on one or more occasions before the 2023 Annual General Meeting.
3. The maximum number of own shares that may be repurchased so that the company's holding of shares at any given time does not exceed 10% of the total number of shares in the company.
4. Repurchases of the company's own shares on Nasdaq First North Growth Market may only be made at a price of no more than 5% above the average trading price of the 5 business days prior to the repurchase.
5. Payment for the shares shall be made in cash.

In addition, the Board of Directors proposes that the Annual General Meeting resolves to authorise the Board of Directors to decide on transfer of own shares, with or without deviation from the shareholders' preferential rights, in accordance with the following, main terms:

1. Transfers may be made on (i) Nasdaq First North Growth Market or (ii) outside of Nasdaq First North Growth Market in connection with the acquisition of companies, operations, or assets.
2. The authorisation may be exercised on one or more occasions before the 2023 Annual General Meeting.
3. The maximum number of shares that may be transferred corresponds to the number of shares held by the company at the point in time of the board of directors' decision on transfer.
4. Transfers of shares on Nasdaq First North Growth Market may only be made at a price of no more than 5% above the average trading price of the 5 business days prior to the transfer. For transfers outside of Nasdaq First North Growth Market, the price shall be set so that the transfer is made at market terms.
5. Payment for transferred shares may be made in cash, through in-kind payment, or through set-off against claims with the company.

The purpose of the authorisations is to give the board of directors' greater scope to act and the opportunity to adapt and improve the company's capital structure and thereby create further shareholder value, and take advantage of any attractive acquisition opportunities.

The board of directors shall have the right to decide on other terms for repurchases and transfers of own shares in accordance with its authorisation. The board of directors also has the right to authorise the chairman of the board, the chief executive officer, or the person designated by the board to make such minor adjustments that may be necessary in connection with the execution of the board's decision to repurchase or transfer shares.

A valid resolution in favour of the board's proposal requires the approval of shareholders with at least two-thirds of the votes and shares represented at the Annual General Meeting.

ITEM 15: RESOLUTION REGADING AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

The board of directors proposes that the Company's articles of association be altered by the deletion of the existing articles of association in their entirety and the adoption and substitution in their place of the articles of association in the form presented to the Annual General Meeting.

The following is a summary of the key changes proposed:

1. All unnecessary definitions have been removed.
2. References to Lien and Calls on Shares have been removed, these articles are no longer relevant as the Company is unable to issue unpaid shares.
3. References to the Transfer of Certificated Shares has been removed, this article is no longer relevant as the Company no longer issues certificated shares and transfers are made between shareholders via the exchange.
4. References to Appointing Shareholder and Shareholder Directors has been removed, as these powers have been replaced by the establishment of a nomination committee in accordance with the Swedish Corporate Governance Code.

5. The articles around general meetings have been redrafted to better align with market practice.
6. References to alternate directors has been removed as this is not permissible in Sweden and against market practice.
7. Powers around appointment to the Board and Board remuneration have been amended such that these matters shall only be decided at general meetings in line with the Swedish Corporate Governance Code.
8. References to Sole Shareholder have been removed as this is no longer relevant.
9. References to Capitalisation of Profits have been removed as this is no longer relevant.
10. Reserved Matter relating to the creation of a charge and security to secure borrowings has been increased to GBP50,000,000 to align with thresholds set for other Reserved Matters.

NUMBER OF SHARES AND VOTES

The total number of shares in the Company as of the date hereof amounts to 68,213,821 shares, with a corresponding number of votes. The Company holds no own shares.

FURTHER INFORMATION

Copies of accounts, audit report, guidelines for remuneration to the senior executives, proxy form, complete proposals and all other relevant documents are made available on the Company's website www.coinshares.com/investorrelations at least two weeks in advance of the Annual General Meeting.

The shareholders are hereby notified regarding the right to, at the annual general meeting, request information from the board of directors and chief executive officer.

For information on how personal data is processed in relation to the meeting, see the Privacy notice available on Euroclear Sweden AB's website www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammorengelska.pdf.

Jersey, 31 May 2022
CoinShares International Limited
The board of directors

DISCLAIMER

FORWARD LOOKING STATEMENTS

The report contains certain forward-looking statements and opinions. Forward looking statements are statements that do not relate to historical facts and events, and such statements and opinions pertaining to the future that, for example, contain wordings such as “believes”, “estimates”, “anticipates”. “expects”. “assumes”, “forecasts”, “intends”. “could”, “will”, “should”, “would”, “according to estimates”, “is of the opinion”, “may”, “plans”, “potential”, “predicts”, “projects”, “to the knowledge of” or similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements and opinions in the report concerning future financial returns, plans and expectations with respect to the business and management of the Company, future growth and profitability, and the general economic and regulatory environment, and other matters affecting the Company.

Forward-looking statements are based on current estimates and assumptions made according to the best of the Company’s knowledge. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company’s cash flow, financial position and operating profit, to differ from the information presented in such statements, to fail to meet expectations expressly or implicitly assumed or described in those statements or to turn out to be less favourable than the results expressly or implicitly assumed or described in those statements. Accordingly, prospective investors should not place undue reliance on the forward-looking statements contained herein, and are strongly advised to read the entire report. The Company cannot give any assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments.

In light of the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in the report may not occur. Moreover, the forward-looking estimates and forecasts derived from third party studies referred to in the report may prove to be inaccurate. Actual results, performance or events may differ materially from those presented in such statements due to, without limitation: changes in general economic conditions, in particular economic conditions in the markets in which the Company operates, changes affecting interest rate levels, changes affecting currency exchange rate, changes in levels of competition and changes in laws and regulations.

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