coinshares.com

CoinShares

PRELIMINARY FULL YEAR
2021 REPORT

2021 SUMMARY

Adjusted EBITDA for the year ended December 2021 of **£121.7 million**, achieving an Adjusted EBITDA margin of 80% (2020: £22.3 million, 61%).

Adjusted EBIT for the year ended 31 December 2021 of **£120.6 million** (£2020: 22.0 million).

Total comprehensive income for the year of **£114.3 million**, (2020: £18.6 million).

Adjusted Basic EPS for the year ended 31 December 2021 of **£1.72 / SEK 21.64** (2020: £0.29 / SEK 3.65). Adjusted Diluted EPS for the year ended 31 December 2021 of **£1.64 / SEK 20.63** (2020: £0.29 / SEK 3.65).

Management fees generated by the Group's Asset Management Platform for the year of **£80.6 million** (2020: £18.4 million).

Combined income and gains generated by the Group's Capital Markets Infrastructure for the year of **£62.2 million** (2020: £16.8 million).

Fair value gains on Principal Investments for the year of **£9.7 million** (2020: £1.0 million).

ETP assets under management ("AUM") as at 31 December 2021 of **£3.3 billion** (31 December 2020: £1.7 billion).

CoinShares Blockchain Global Equity Index ("Block") AUM as at 31 December 2021 of **£880.5 million** (31 December 2020: n/a).

Net asset position of the Group as at 31 December 2021 of **£200.9 million** (31 December 2020: £56.5 million).

DEFINITIONS

CSDS	CoinShares Digital Securities Limited, the issuer of the CoinShares Physical suite of ETPs
VaR	Value at Risk (in respect of the Group's Delta Neutral trading strategies)
DAO	Decentralised autonomous exchange
CGBI	CoinShares Gold and Bitcoin Index
CECI	CoinShares Equally Weighted Crypto Index
CSII	CoinShares Fund II, in which the group holds a carried interest
Block	CoinShares Blockchain Global Equity Index
XBT	XBT Provider AB, the issuer of the XBT suite of ETPs
GBP	Great British Pound
SEK	Swedish Krona
AUM	Assets under Management
Delta Neutral Trading Strategies	Strategies undertaken by the Capital Markets team in order to generate fair value and other gains for the Group, which are designed to take no directional trading risk
DeFi	Decentralised finance
ETP	Exchange traded product
Fiat	Money made legal tender by government decree

ALTERNATIVE PERFORMANCE MEASURES & ACCOUNTING DEFINITIONS

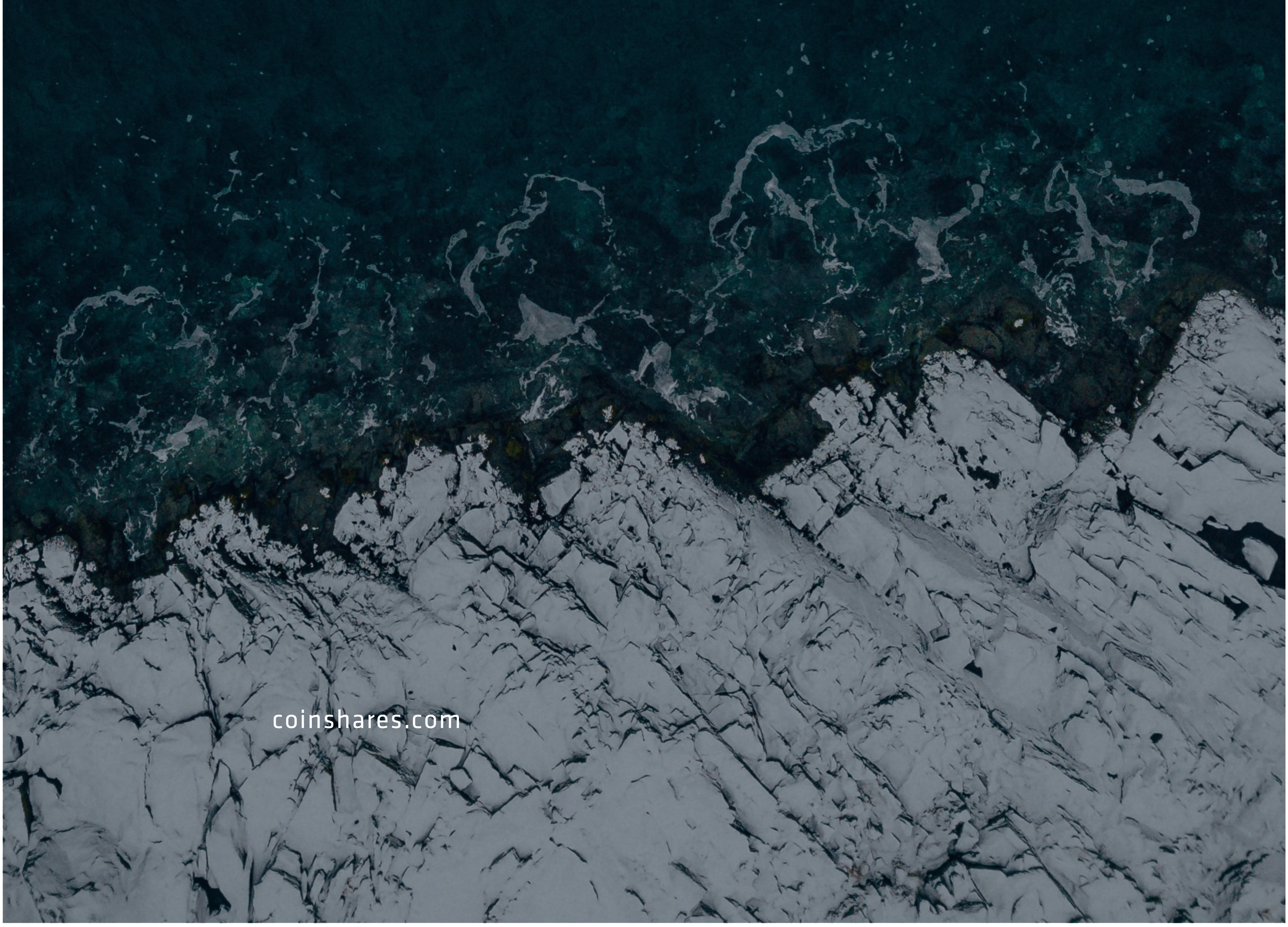
The Group's financial statements are prepared under IFRS. The performance of the Group is best reflected by alternative performance measures ("APMs") that do not align with the IFRS treatment of digital assets, specifically the IFRS treatment of fair value gains on such assets being taken through other comprehensive income rather than at fair value through profit and loss ("FVTPL"). Please see the alternative statement of comprehensive income ("SOCI") on p. 16, which the Directors believe provides a true and fair view of the group's performance.

Please note that the only change between the SOCI (prepared under IFRS) and the alternative SOCI is the treatment of digital asset gains, with are treated as FVTPL

The alternative performance measures adopted in this report, which are derived from the Group's alternative statement of comprehensive income, are disclosed below.

Adjusted EBITDA	The Group's Earnings, before finance costs, taxation, depreciation, amortization and other movements through OCI
Adjusted EBIT	The Group's Earnings, before finance costs, taxation, and other movements through OCI
APM	Alternative performance measures
Earnings	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 amortization
Asset Management Fees	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	Together, the Groups finance income, net fair value gains on digital assets and financial instruments and other income
OCI	Other Comprehensive Income
Adjusted EPS	Earnings per share derived from the Group's Alternative SOCI
SOCI	Statement of Comprehensive Income
FVTPL	Fair value through profit and loss
JV	Joint Venture
NCI	Non-controlling interest

TABLE OF CONTENTS



2021
FINANCIAL OVERVIEW

STATEMENT OF COMPREHENSIVE INCOME

- Management fees generated by the Group's Asset Management Platform for the year ended 31 December 2021 of £80.6 million (2020: £18.4 million). Q4 fees of £25.5 million (2020: £7.1 million) are the highest quarterly results in the business unit's history. This increase has been driven predominantly by digital asset prices reaching all-time highs in April and yet again in November, supplemented by new products launched by CSDS, offset by outflows seen in XBT Provider.

- Of these management fees, £78.5 million were generated by exchange-traded products ("ETPs") issued by the Group's subsidiary XBT Provider ("XBT") which reference BTC & ETH. A further £0.9 million was generated by the CoinShares Physical suite of ETPs issued by CoinShares Digital Securities Limited ("CSDS") which reference a wider range of digital assets. The balance of £1.2 million was generated by the CoinShares Blockchain Global Equity Index ("Block") in the six months since its acquisition.

- The Group's Capital Markets activities generated income and gains over 2021 in excess of £62.2 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 through OCI, other income, finance income and realised gains. A breakdown of these activities is included within the financial information section of this report The increased performance over the course of the year is driven by diversified activities, market activity (particularly in Q1 and Q4) and growth of the Capital Markets team.

- The Group's Principal Investment portfolio, which comprises both equity holdings and digital assets, generated fair value gains over 2021 totalling £9.7m, with the number of individual holdings within the portfolio increasing significantly over the year following investment capital of approximately £13.7m being deployed.

- Additional revenues are now being recognised following the acquisition of Napoleon, as announced in December 2021. Napoleon is a French fintech firm offering customers access to automated trading software to execute trading strategies on their own crypto exchange accounts for a monthly fee. These revenues, totalling £303k for the month of December, have been disclosed separately within our analysis and will be disclosed as such moving forward, tracking the development of this newly formed business unit.

- The Adjusted EBITDA of the Group for the year ended 31 December 2021 was £121.7 million (2020: £22.3 million). The Adjusted EBITDA margin of 80% has also shown a significant increase when compared to 2020 performance (61% 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 £120.6 million (£2020: 22.0 million).

- Total comprehensive income of the Group for the year ended 31 December 2021 of £114.3 million, compared to £18.6 million for the full financial year 2020.

BALANCE SHEET

- 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), and a quarter-on-quarter increase of 14% (as at 30 September 2021, £2.9 billion). The rise in the Group's ETP AUM, as with management fees, has been 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).
- Block Index represented underlying AUM of £880.5 million (not shown on balance sheet) as at 31 December 2021.
- 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).
- The net asset position of the Group increased 255% to £200.9 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 Crypto SAS ("Napoleon"), as announced in July and December respectively.
- Cash held by the Group has increased from £2.3m to £11.1m over the course of the year, driven by cash received through operational activities, offset by the Group's expenses, investments made during the course of the year, and derivative positions held as at year end. A reconciliation of the cash movements over the course of the year is included within the appendix to this Report.

OPERATIONAL AND COMMERCIAL HIGHLIGHTS

- As of 31 December, 2021, CoinShares operates four business lines including asset management, capital markets, principal investments, and the newly established consumer platform following the acquisition of French fintech firm Napoleon.
- Napoleon and its subsidiaries were acquired for total consideration of EUR 13.9M million in a mix of cash and shares. This acquisition is the start of a new and exciting consumer focused growth chapter for CoinShares.[1] The integration of the Napoleon team and business will be completed throughout H1 2022.
- The CoinShares team has grown from 42 employees to 80 employees over the course of the year (including the addition of the Napoleon team). As of January 2022, the CoinShares team has a presence in Jersey, the UK, France, Sweden, and the US.

[1] https://coinshares.com/investor-relations/press-releases/coinshares-agrees-to-acquire-napoleon

- The Board has been expanded through the appointment of two new independent non-executive directors, Christine Rankin and Viktor Fritzén, who bring a wealth of experience in public company oversight to the CoinShares board.[2]

- We have completed the transition to International Financial Reporting Standards ("IFRS") in preparation for the audit for the year ended 31 December 2021.

- ETP distribution has been expanded via a free-trading agreement with S Broker for CoinShares' physically-backed crypto ETPs. The agreement is the first of its kind with one of Germany's predominant investment platforms.[3]

- Two new indices were launched – the CoinShares Gold and Bitcoin Index ("CGBI") and the CoinShares Equally Weighted Crypto Index ("CECI"). The indices are streamed on Bloomberg Terminals and Refinitiv (formerly Reuters), and are designed to provide exposure to digital assets while improving average returns and reducing volatility.[4]

- $32 billion of trades across 20 venues were executed via CoinShares Capital Markets, a 305% increase from 2020, as a result of significant upgrades to CoinShares' trading engine and capital markets infrastructure.

- Capital Markets has continued to diversify its activities, moving into in the decentralized finance (DeFi) ecosystem and participating in new decentralized options and swap trading markets as well as lending markets. Additionally, we supported launch of Aave Arc, a permissioned lending and liquidity service to help institutions participate in regulation-compliant decentralized finance[5] and provided liquidity to market makers and clients via Maple Finance's new institutional DeFi lending pool.[6]

- The Group has entered into a collaboration with the Stacks Foundation to obtain a 2.5M STX loan as part of an institutional liquidity provisioning program and supported the launch of Arkadiko Finance, a new lending protocol built on Stacks.

- Made several principal investments including two in the Solana ecosystem, two in the developer infrastructure space, and a number of others including a play to earn gaming guild focused on Pakistan and our first investment in a DAO.

- As of December 31, CoinShares has invested in 36 companies either directly as part of the Principal Investments portfolio, or through the CoinShares venture fund, CSII. The portfolios now span four continents and multiple crypto ecosystems including Bitcoin, Ethereum, Solana, Stacks, and several projects focused on cross-chain interoperability.

- Post year-end, the Group announced the launch of the world's first crypto ETPs with staking rewards, with products referencing Tezos and Polkadot.[7]

---

[2] https://coinshares.com/investor-relations/press-releases/coinshares-appoints-christine-rankin-and-viktor-fritzen-as-independent-non-executive-directors
[3] https://coinshares.com/news/coinshares-announces-free-to-trade-and-savings-plan-agreements-in-partnership-with-s-broker
[4] https://coinshares.com/news/coinshares-launches-new-indices
[5] https://www.theblockcrypto.com/post/129277/aave-arc-permissioned-defi-platform-fireblocks-first-whitelister.
[6] https://www.financemagnates.com/cryptocurrency/news/maple-finance-launches-a-defi-syndicated-loan-with-alameda-research/
[7] https://coinshares.com/investor-relations/press-releases/coinshares-lists-worlds-first-crypto-etps

2021
MESSAGE FROM THE CEO

CoinShares, Europe's largest and longest standing digital asset firm, continues to evidence consistent performance in its legacy activities while expanding its offering, improving upon its existing infrastructure, and delivering value to its shareholders and the wider digital asset ecosystem.

In Q4, CoinShares has maintained the momentum we experienced moving into 2021. Adjusted EBITDA for the Q4 was £32.9 million, whilst adjusted EBITDA for the year sits at £121.7 million, an increase of more than 400% versus the year ended December 2020.

This performance confirms the CoinShares business model's resilience and ability to scale. As a reminder, our structure allows us to generate earnings in a variety of market conditions. We have taken advantage of the evolution occurring in the wider industry and translated that into earnings and balance sheet growth.

> Bridging the gap between traditional finance and digital asset

Since 2014, the Group's activities have been supported by state of the art, proprietary technology: an algorithm powered trading services platform that has allowed us to interact efficiently with the digital asset ecosystem through both our Asset Management and Capital Markets activities. While the former benefits from the overall growth of the digital asset industry, the latter capitalizes on the volatile environment within which this growth occurs – and when combined they provide CoinShares with its unique competitive advantage.

In H2 2021, this proprietary technology was brought under one framework which we have named "Galata". The choice of name for this technology which underpins everything which we do was deliberately symbolic. Galata is the bridge in Istanbul connecting the European and Asian continents. At CoinShares, Galata is also a bridge, albeit a virtual one allowing interaction between our clients operating in the legacy financial world and the digital asset ecosystem they want to access.

The traffic on this digital bridge increases year on year as we connect more and more traditional investors to the digital asset ecosystem via their legacy infrastructure. I am proud to see CoinShares leading in the global push to democratize digital assets. Powered by Galata, we are contributing to removing barriers to entry and other complexities around the digital asset ecosystem.

> Asset Management Solutions: European expansion supported by a new prospectus

The geographic expansion of the Group's Asset Management platform 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, Stuttgart, Zurich, Paris, and Amsterdam as well as being available on some smaller German regional access points such as Gettex, Trade Republic and Scalable.

CoinShares Physical went live in Q1 2021 with a very basic single coin offering covering Bitcoin, Ethereum, Litecoin and Ripple. In Q4, we got the regulatory approval to add to our main prospectus an extra 46 coins bringing the total to 50.

Our focus to date 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 our clients. 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 while preserving the legal and tax attributes of the special purpose vehicle for our investors. To this end, Staked Tezos and Staked Polkadot were launched in January 2022, and we are looking forward to presenting the results of these in our Q1 update.

To conclude on our Asset Management Solutions, we have no wish to rush to the market with opportunist, poorly designed products. Rather, we want our customers to be able to allocate to CoinShares knowing they can trust us and expect transparency in their dealings with us. We also want them to have access to best in class, unbiased research to support their investment decisions. With that focus in mind, we are looking forward to seeing how CoinShares competes in the distribution of digital asset linked products in 2022.

> Capital Market Infrastructure: a relentless focus on delivery

The three main Capital Market Activities: Liquidity Provisioning, Delta Neutral Trading Strategies and Fixed Income performed extremely well in 2021. While supporting the quality of the XBT Provider program it has efficiently leveraged the balance sheet of the Group to generate gains over £62.2 million. Q4 highlighted a strong recovery from the Q3 figures. This is in line with our assessment that the performance of our Capital Markets business unit is driven by market volatility and flows.

As CoinShares and the cryptocurrency industry continue to evolve and grow in tandem, our Capital Markets activities are also evolving to take advantage of the opportunities presented by new markets. This echoes a question from the last earnings call about our capacity to adapt to an ever-changing market landscape. I think our progressive involvement in Defi is the perfect illustration of the open minded, “trust but verify” mindset which we are cultivating within our Capital Markets and technology teams.

As crypto increasingly engulfs the financial services industry, CoinShares wants to stay at the forefront of the new ways to package, distribute and consume financial services.

> External Opportunities Supporting Ongoing Growth

The external opportunities we identify today drive the organic growth of tomorrow. Hence, partnering with Invesco and our recent acquisition of Napoleon have all played a part in accelerating the Group’s growth in a cost-efficient manner.

Invesco partnership
Following our acquisition of the ETF index business from Elwood Technologies, the integration of the CoinShares Blockchain Global Equity Index is now complete. Our relationship with Invesco Europe remains strong and I am pleased to share that in the early days of January 2022, our Blockchain ETF became the biggest not only in Europe but globally Blockchain ETFs based on its asset under management – a fantastic achievement for CoinShares and Invesco.

Napoleon acquisition

Q4 also saw the successful, strategic acquisition of Napoleon Crypto, a French investment platform.

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 investors and started building their business directly on digital asset exchanges like others build their businesses on Amazon or Facebook in Web 2.0. This venue-agnostic meta layer offers exchange customers the capacity to subscribe to algorithm signals or thematic baskets, hence providing a toolbox for crypto investors to potentially generate better risk adjusted returns.

With Napoleon, we have an investor-based offering which has the potential to be scaled whilst generating strong average revenue per user and long-term value. From a technology angle, our in-house platform Galata will prove very useful – most notably around marketplace connectivity and best execution.

Work continues apace to fully integrate Napoleon into the wider CoinShares Group. We have strong growth ambitions for Napoleon, and we are in the position to fund them from our free cash flow.

> A continued focus on Growth

The CoinShares' team is skillful, experienced, and hungry. Over 2021, CoinShares generated record management fees, trading gains and investment uplifts, resulting in combined earnings, before expenses, of £152.8 million.

As CoinShares' CEO, and with the help of the executive management team, I am focused on how we unlock new areas of growth for the company for the years to come. We are expanding out of our legacy business lines, building new verticals while growing our customer base and overall footprint. This is a critical element of our strategy to increase shareholder value. We expect our recent Napoleon acquisition to only accelerate this trend.

> Seeking Enhanced Investor Visibility

As mentioned in the previous update, we want to further raise the Group's profile by preparing the company for a listing on Nasdaq Stockholm main market. This is no small undertaking, but it is concrete evidence to the market that CoinShares adheres to the highest regulatory standards and once the process is complete, we expect it will lead to greater public exposure, credibility, and interest in our business.

We have also appointed a team of experienced external, local advisors to take us through the process, and work with them is very much underway. As we continue towards this goal, we will keep the market updated when appropriate as to the progress being made.

Jean-Marie Mognetti
CEO

FINANCIAL INFORMATION

Due to these results being the first released by the Group following the transition to IFRS, the full accounting policies of the Group have been included on pages 19 to 31 (note 2). These will not require replication in future interim results releases, aside from those within the Group's annual report, and in the event that changes are made to the accounting policies.

The unaudited results of the Group for the year ended 31 December 2021 are included on pages 18 to 39 of this report. Figures for the year ended 31 December 2020 have also been included for comparative purposes, and a balance sheet as of 1 January 2020, being the Group's IFRS transition date.

The audited results of the Group for the year ended 31 December 2021 will be included within the annual report, due for release as per the financial calendar published on the Group's website, at https://coinshares.com/investor-relations.

Note to the reader

We have presented, on page 16, an alternative statement of comprehensive income, which presents the Group's performance should the fair value gains on digital assets be carried through profit and loss. **The Directors believe the Group's alternative statement of comprehensive income, resultant EPS and subsequent tables on pages 16 to 18 represent a true and fair view of the fair view of the Group's performance.**

Digital assets are classified as intangible assets under IFRS, the accounting standard under which the Group's financial statements are prepared. As such, fair value gains or losses on the digital asset holdings of the Group are recognised within other comprehensive income. Conversely, any movement in the obligation arising from the issuance of the Group's XBT Provider exchange traded products (which is hedged by the digital asset holdings of the Group) is recognised as an expense within the statement of comprehensive income. These movements result in a profit after tax figure that does not take into account any gains or losses on the digital asset holdings of the Group.

Therefore, 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.

Additionally, certain trading gains generated by CoinShares Capital Markets are also recognised within other comprehensive income. The Adjusted EBITDA calculation of the Group discloses these amounts separately and reconciles the Group's performance back to the total comprehensive income figure as disclosed under IFRS. This is designed to provide a clear view of the performance of the Group's commercial activities, split as follows:

- Asset Management Platform
- Capital Markets Infrastructure
- Principal Investments
- Consumer Platform

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

This statement is presented in accordance with IFRS, resulting in fair value movements in digital assets accounted for through OCI. Please see page 16 for the Group's alternative statement of comprehensive income and page 3 for relevant definitions.

GBP	**2021**	**2020**
Revenue	**80,892,448**	**18,402,573**
Total Revenue	**80,892,448**	**18,402,573**
Administrative expenses	(32,167,389)	(14,309,127)
Loss on financial instruments	(2,236,195,625)	(1,398,436,049)
Other operating income	11,426,819	607,035
Operating loss	**(2,176,043,747)**	**(1,393,735,568)**
Gain on investments	5,577,984	1,473,783
Profit on disposal of subsidiaries	-	163,305
Share of joint ventures losses	(290,861)	(531,419)
Loss before interest and income tax expense	**(2,170,756,624)**	**(1,392,629,899)**
Finance income	10,904,601	3,792,762
Finance costs	(6,810,160)	(1,214,544)
Loss before income tax expense	**(2,166,662,183)**	**(1,390,051,681)**
Income tax expense	(1,283,930)	(401,363)
Loss after income tax expense	**(2,167,946,113)**	**(1,390,453,044)**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign subsidiaries	1,799,824	(1,888,549)
	1,799,824	(1,888,549)
Items that will not be reclassified subsequently to profit or loss		
Fair value gain on digital assets	2,278,412,565	1,410,871,740
Fair value gain on investments	2,079,240	46,323
	2,280,491,805	1,410,918,063
Total other comprehensive income	**2,282,291,629**	**1,409,029,514**
Total comprehensive income	**114,345,516**	**18,576,470**
Basic/Diluted earnings per share (GBP)	(32.62)	(21.68)
Basic/Diluted earnings per share (SEK)	(410.4)	(410.4)

CONDENSED BALANCE SHEET

GBP	31 December 2021	31 December 2020	1 January 2020
ASSETS			
Non-current assets			
Property, plant and equipment	509,535	1,423,517	2,027,521
Goodwill	8,047,202	35,440	36,457
Other intangible assets	11,733,984	20,100	6,870
Investments	24,433,398	3,592,402	5,549,536
Trade receivables and other assets	648,150	329,315	322,678
	45,372,269	**5,400,774**	**7,943,062**
Current assets			
Trade receivables and other assets	1,075,971,213	62,235,104	26,970,534
Digital assets	2,736,481,342	1,826,694,524	427,524,070
Amounts due from broker	118,975,658	66,517,815	39,405,202
Cash at bank	11,087,906	2,285,505	2,350,042
	3,942,516,119	**1,957,732,948**	**496,249,848**
Total assets	**3,987,888,388**	**1,963,133,722**	**504,192,910**
LIABILITIES			
Current liabilities			
Trade payables and other liabilities	(3,491,611,725)	(1,792,886,066)	(419,287,953)
Amounts due to brokers	(292,708,179)	(112,120,817)	(37,630,992)
Lease liabilities	-	(395,010)	(404,578)
Current tax liabilities	(2,634,852)	(397,690)	(265,803)
	(3,786,954,756)	**(1,905,799,583)**	**(457,589,326)**
Net current assets	**155,561,363**	**51,933,365**	**38,660,522**
Non-current liabilities			
Lease liabilities	-	(791,784)	(1,207,121)
Total liabilities	**(3,786,954,756)**	**(1,906,591,367)**	**(458,796,447)**
Net assets	**200,933,632**	**56,542,355**	**45,396,463**
EQUITIES			
Share capital	33,766	31,278	2,214,801
Share premium account	30,781,210	2,387,070	110,610
Other reserves	667,845,906	1,209,832,600	168,812,966
Retained earnings	(497,727,250)	(1,155,708,593)	(125,741,914)
Total equity	**200,933,632**	**56,542,355**	**45,396,463**

CONDENSED STATEMENT OF CHANGES IN EQUITY

GBP	Share capital	Share premium account	Other reserves	Retained earnings	Total equity	Attributable to the owners	Non-controlling interests
At 1 January 2020	**2,214,801**	**110,610**	**168,812,966**	**(125,743,583)**	**45,394,794**	**44,779,684**	**615,110**
Loss for the year	-	-	-	(1,390,453,044)	(1,390,453,044)	(1,262,961,344)	(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**	**(1,390,406,721)**	**18,576,470**	**16,907,206**	**1,669,264**
Shares issued	2,750	2,276,460	-	-	2,279,210	2,279,210	-
Shares redeemed	(2,186,273)	-	-	287	(2,185,986)	(2,185,986)	-
Share based payments	-	-	308,446	-	308,446	308,446	-
Distribution to owners	-	-	-	(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	-	-	-	(2,284,373)	(2,284,373)	-	(2,284,373)
Cumulative foreign subsidiary exchange gains recycled through profit or loss on disposal	-	-	(163,305)	-	(163,305)	(163,305)	-
Transfer of revaluation reserve upon disposal of digital assets	-	-	(368,108,698)	368,108,698	-	-	-
Total changes in ownership interests in subsidiaries	**-**	**-**	**(368,272,003)**	**365,824,325**	**(2,447,678)**	**(163,305)**	**(2,284,373)**
At 31 December 2020	**31,278**	**2,387,070**	**1,209,832,600**	**(1,155,708,593)**	**56,542,355**	**56,542,355**	**-**
Loss for the year	-	-	-	(2,167,946,113)	(2,167,946,113)	(2,167,946,113)	-
Other comprehensive income for the year	-	-	2,280,212,389	2,079,240	2,282,291,629	2,282,291,629	-
Total comprehensive income	**-**	**-**	**2,280,212,389**	**(2,165,866,873)**	**114,345,516**	**114,345,516**	**-**
Shares issued	2,488	28,394,140	-	-	28,396,628	28,396,628	-
Share based payments	-	-	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	-	-	(2,823,848,216)	2,823,848,216	-	-	-
Total changes in ownership interests in subsidiaries	**-**	**-**	**(2,823,848,216)**	**2,823,848,216**	**-**	**-**	**-**
At 31 December 2021	**33,766**	**30,781,210**	**667,845,906**	**(497,727,250)**	**200,933,632**	**200,933,632**	**-**

CONDENSED STATEMENT OF CASH FLOW

GBP	2021	2020
Cash flows from operating activities		
Loss after income tax expense	**(2,167,946,113)**	**(1,390,453,044)**
Adjustments for:		
- Depreciation of property, plant and equipment	175,534	646,759
- Amortisation of intangible assets	872,926	1,975
- Share-based payment expense	1,649,133	308,446
- Finance income	(10,904,601)	(3,792,762)
- Finance costs	6,810,160	1,210,998
- Income tax expense	1,283,930	401,363
- Gain on financial instruments settled through digital assets	(18,682,973)	(16,490,352)
- Gain on other financial instruments	206,215,099	1,414,926,401
- Foreign translation gains on disposal of subsidiary		(163,305)
- Gain on investments	(5,577,984)	(1,473,783)
- Share of joint venture losses	290,861	531,419
	(1,985,814,028)	**5,654,115**
Changes in working capital:		
- Trade receivables and other assets	(1,196,082,189)	(12,845,111)
- Trade payables and other liabilities	1,653,931,516	25,123,656
Cash generated from operations	**(1,527,964,701)**	**17,932,660**
Finance costs paid	(6,810,161)	(1,191,403)
Income taxes paid	(557,582)	(269,327)
Net cash flow generated from operating activities	**(1,535,332,444)**	**16,471,930**
Cash flows from investing activities		
Net purchase of digital assets	1,411,088,994	(65,115,973)
Purchases of intangible assets	(230,244)	(15,205)
Purchases of property, plant and equipment	(209,895)	(65,160)
Disposals of property, plant and equipment	-	7,915
Acquisition of subsidiaries	(2,064,753)	-
Proceeds on disposal of subsidiaries	-	(84)
Acquisition of investments in joint ventures	(755,902)	(412,154)
Acquisition of other investments	(12,501,036)	(3,651,548)
Proceeds on disposal of other investments	-	677,043
Net disposal of listed equities	(212,931)	881,505
Finance income	10,904,601	3,792,762
Net cash used in investing activities	**1,406,018,833**	**(63,900,899)**
Cash flows from financing activities		
Issue of shares	12,766,244	-
Redemption of shares	-	(2,185,986)
Repayment of lease liabilities	-	-
Net cash used in financing activities	**12,766,244**	**(2,185,986)**
Net decrease in cash and cash equivalents	**(116,547,367)**	**(49,614,955)**
Cash and cash equivalents		
At the beginning of the year	(43,317,497)	4,124,252
Effects of currency translation on cash and cash equivalents	(2,779,751)	2,602,858
At the end of the year	**(162,644,615)**	**(42,887,845)**
Cash and cash equivalents comprise		
Cash at bank	11,087,906	2,265,817
Amounts due from brokers	118,975,658	66,517,815
Amounts due to brokers	(292,708,179)	(112,120,817)
At the end of the year	**(162,644,615)**	**(43,337,185)**

ALTERNATIVE STATEMENT OF COMPREHENSIVE INCOME

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. No other adjustments have been made.

The Directors believe the Group's alternative statement of comprehensive income, resultant EPS and subsequent tables on pages 17 to 18 represent a true and fair view of the fair view of the Group's performance.

GBP	2021	2020
Revenue	**80,892,448**	**18,402,573**
Total Revenue	**80,892,448**	**18,402,573**
Administrative expenses	(32,167,389)	(14,309,127)
Loss on financial instruments	(2,236,195,625)	(1,398,436,049)
Gain on digital assets	2,278,412,565	1,410,871,740
Other operating income	11,426,819	607,035
Operating profit	**102,368,818**	**17,136,172**
Gain on investments	5,577,984	1,473,783
Profit on disposal of subsidiaries	-	163,305
Share of joint ventures losses	(290,861)	(531,419)
Profit before interest and income tax expense	**107,655,941**	**18,241,841**
Finance income	10,904,601	3,792,762
Finance costs	(6,810,160)	(1,214,544)
Profit before income tax expense	**111,750,382**	**20,820,059**
Income tax expense	(1,283,930)	(401,363)
Profit after income tax expense	**110,466,452**	**20,418,696**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign subsidiaries	1,799,824	(1,888,549)
	1,799,824	(1,888,549)
Items that will not be reclassified subsequently to profit or loss		
Fair value gain on investments	2,079,240	46,323
	2,079,240	46,323
Total other comprehensive income	**3,879,064**	**(1,842,226)**
Total comprehensive income	**114,345,516**	**18,576,470**
Adjusted Basic earnings per share (GBP)	1.72	0.29
Adjusted Diluted earnings per share (GBP)	1.64	0.29
Adjusted Basic earnings per share (SEK)	21.64	3.65
Adjusted Diluted earnings per share (SEK)	20.63	3.65

ADJUSTED EBITDA

PLEASE NOTE THAT THE FOLLOWING APMs ON PAGES 17-18 HAVE BEEN DERIVED FROM THE GROUPS ALTERNATIVE SOCI. A RECONCILIATION TO SHOW HOW THESE FIGURES HAVE BEEN DERIVED IS INCLUDED ON PAGE 40.

APMs & Adjusted EBITDA	**Year ended 31 December 2021**	**Year ended 31 December 2020**
Asset Management Platform (i)	80,588,821	18,389,413
Capital Markets Infrastructure (ii)	62,127,421	16,835,488
Principal Investments (iii)	9,633,302	988,687
Consumer Platform *	457,627	-
Total Earnings	**152,807,171**	**36,213,588**
Administrative expenses	(31,118,929)	(13,943,442)
Adjusted EBITDA	**121,688,242**	**22,270,146**
Adjusted EBITDA (%)	*80%*	*61%*
Depreciation/Amortisation	(1,048,460)	(212,356)
Adjusted EBIT	**120,639,782**	**22,057,790**
Interest expense	(6,810,160)	(1,191,408)
Currency translation differences	1,799,824	(1,888,549)
Taxation	(1,283,930)	(401,363)
Total comprehensive income	**114,345,516**	**18,576,470**

*The consumer platform represents the performance of the newly acquired Napoleon Group, as announced in December 2021.

(i) ASSET MANAGEMENT PLATFORM

The table below shows a breakdown of the fees generated by the Group's Asset Management Platform.

Product Breakdown	**Year ended 31 December 2021**	**Year ended 31 December 2020**
XBT Provider	78,510,034	18,389,413
CSDS	871,706	-
BLOCK Index	1,207,081	-
Total	**80,588,821**	**18,389,413**

(ii) CAPITAL MARKETS INFRASTRUCTURE

The table below shows a breakdown of the income and gains generated by the Capital Markets Infrastructure of the Group.

Trading Activity Breakdown	**Year ended 31 December 2021**	**Year ended 31 December 2020**
Liquidity Provisioning	13,819,969	4,151,087
Delta Neutral Trading Strategies	27,166,837	7,606,748
Fixed Income Activities	10,904,601	3,792,762
DeFi	3,587,052	-
Other	6,648,962	1,284,891
Total	**62,127,421**	**16,835,488**

Value at Risk ("VaR") – Delta Neutral Trading Strategies

The trading strategies of the Group comprise activities that seek to take advantage of market and infrastructure inefficiencies within the digital asset markets while assuming minimal risk. Within the Group's consolidated statement of comprehensive income, these gains are split between realised gains, unrealised gains and fair value gains on digital assets. These strategies are therefore focused on delta-neutral opportunities achieved through holding hedged future positions, rather than assuming any directional risk on the performance of digital assets.

Due to this approach, the Value at Risk ("VaR") at any given point in time remains low, as illustrated in the table below:

Date	**Assets**	**Confidence level (%)**	**Value at Risk ($)**
October	BTC/ETH	95%	1,601,822
November	BTC/ETH	95%	813,772
December	BTC/ETH	95%	398,099

(iii) PRINCIPAL INVESTMENTS

The table below shows a breakdown of the Group's Principal Investment gains, split between JV holdings, equity investments and digital asset investments.

GBP	**Year ended 31 December 2021**	**Year ended 31 December 2020**
Joint Venture Gain/(Loss)	(258,257)	(531,419)
Equity Principal Investments Gain/(Loss)	7,624,620	1,520,106
Digital Asset Principal Investments Gain/(Loss)	2,266,939	-
Total	**9,633,302**	**988,687**

Principal Investments Breakdown and 2021 Performance

Investment	**1 January 2021**	**Additions/ (Disposals)**	**Gain/ (Loss)**	**31 December 2021**
within investments:				
3iQ Digital Asset Management (3iQ)	1,602,519	723,961	5,260,941	7,587,422
SBG 1320, LLC (Kingdom Trust)	1,427,120	1,508,269	(1,069,115)	1,866,275
Kingdom Services Holdings LLC	n/a	35,259	(16,671)	18,588
Komainu Holdings Limited	-	364,928	1,983,797	2,348,725
FlowBank	n/a	8,725,450	-	8,725,450
New Gen Minting LLC (Viridi)	n/a	401,715	(316,088)	85,627
RSS3	n/a	527,744	-	527,744
Syndica	n/a	221,780	3,850	221,780
PlayDough	n/a	146,000	-	146,000
CoinShares Fund II – carried interest*	46,323	-	2,079,240	2,125,563
GTSA	516,441	390,973	(258,257)	649,157
Other quoted holdings	n/a	428,552	(297,484)	131,068
	3,592,403	13,474,632	7,366,363	24,433,398
within digital assets:				
Solana Tokens	n/a	444,139	2,189,274	2,633,414
Goose FX	n/a	181,924	44,167	226,091
Pyth	n/a	54,478	967	55,445
Arkadiko (DIKO Tokens)	n/a	243,459	32,975	276,434
Metaplex	n/a	148,299	(445)	147,854
	-	1,072,299	2,266,939	3,339,238

*Gain is taken through OCI

It is noted that unrealised gains on investment are ultimately based on the assessment of management and may differ from the realizable amount in the event of disposal.

1. Basis of preparation and statement of compliance with IFRS

1.1 General Information

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The consolidated Group financial statements are presented in pounds sterling (GBP). Monetary amounts in these financial statements are rounded to the nearest £1, except when otherwise indicated.

The Group had net assets of £200,933,632 (31 December 2020: £56,542,355, 1 January 2020: £45,394,792), an operating loss of £2,176,043,747 (2020: loss of £1,393,735,568), and total comprehensive income of £114,345,516 (2020: £18,576,470). 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.

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.

For all periods up to and including the year ended 31 December 2020, the Group prepared their 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 Interim Financial Statements for the year ended 31 December 2021 are the first the Group has prepared in accordance with IFRS. Due to this adoption, the IFRS accounting policies of the Group are disclosed in full below, in addition to any reduced disclosures/exemptions taken advantage of.

1.2 First-time adoption of IFRS

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; and
- 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;

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, 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.

A reconciliation disclosing the impact of the Group's adoption of IFRS is disclosed in note 12.

2. Accounting Policies of the Group

2.1 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 voting 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).

2.2 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; and
- 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.

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, 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.

2.3 Goodwill

Goodwill is initially recognised and measured as set out above.

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.

2.4 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.

As at 31 December 2021 the Group held an interest in one Joint Venture, being GTSA, in which it holds a 50% stake.

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.

2.5 Other investments

In the consolidated financial statements of the Group, investments in listed equities, unlisted 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.

2.6 Fair value measurement

The Group measures non-controlling interest, 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 investment valuation policy and 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 measurement for investment valuations has been classified as Level 3 in the fair value hierarchy under IFRS which uses unobservable inputs.

Refer to accounting policies 2.16 and 2.18 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 9
- Investments Note 10

The Group has a number of investments, the fair values of which are determined in accordance with the Group's valuation methodology. The methodology is based upon the International Private Equity and Venture Capital Valuation Guidelines ("IPEV guidelines"). All investments are assessed on, as a minimum, a quarterly basis, with any fair value adjustments taken through the profit and loss statement of the Group. As at 31 December 2021, the group held Investments of £24,433,398 (2020: £3,592,402), and digital assets classified as Level 2 investments of £3,339,238 (2020: £nil).

2.7 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 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 XBT Provider 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 realized. There is no digital assets exposure risk attached to the revenue that remains held within the hedging assets between recognition and redemption.

The CSDS note program fee revenue is recognised on a daily basis, denominated in digital assets, by means of a reduction in the liability, or 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 CSDS are not exposed to digital asset price fluctuations.

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.

2.8 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.

2.9 Foreign currency translation

Functional and presentation currency

The consolidated financial statements of the Group are presented in pounds sterling (GBP). All values are rounded to the nearest pound, except when otherwise indicated.

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 through 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.

2.10 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.

2.11 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, maternity and paternity. 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.

2.12 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 the profit and loss.

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

2.13 Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the 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 the 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.

2.14 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 the 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 the 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.

2.15 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.

2.16 Intangible assets

<u>Digital assets</u>

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 digital assets, 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.

All purchases and sales of digital assets are recognised at the trade date.

Digital assets are remeasured using unadjusted quoted prices taken from active markets, where available. Fair value measurement for digital assets with available active market prices has been classified as Level 1 in the fair value hierarchy.

However, 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 the profit and loss, in which case such an amount is recognised in the 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 the profit and loss.

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.

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 is recognised on a straight-line basis over their estimated useful lives.

Amortisation is provided on the following basis:

- Website domains 10 years
- 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 (which is regarded as their cost).

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-lived intangible assets, including capitalised internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis 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 depreciation, amortisation and impairment of non-financial assets.
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 the 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 the profit and loss.

2.17 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.

2.18 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.

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 policy 2.5.

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 two categories:

- Financial assets measured at amortised cost; and
- Financial assets measured at fair value through profit or loss.

Financial assets at amortised cost and effective interest model
The effective interest method is a method of calculating the amortised cost of 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
Financial assets classified as 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 profit and loss held by the Group include purchased derivatives such as futures and options with a positive fair value at the balance sheet date.

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 the 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 the 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 issues 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.

The fair value basis is consistent with the measurement of the underlying digital assets which are measured using 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.

2.19 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.

2.20 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.

2.21 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.

2.22 First-time adoption of IFRS

These Interim 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 of, 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.

2.23 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 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 a 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 trading and the directors have determined that the assets meet the definition of an intangible asset under IAS 38- 'Intangible Assets'. Refer to accounting policy 2.21 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. 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.

Goodwill
The Group has recognised goodwill in relation to the acquisition of Napoleon in accordance with note 2.3, and is thus required to review such amounts on an ongoing basis and test for impairment. Judgement is exercised by the Directors in ascertaining both when and how to test for impairment, with any charges taken through the profit and loss statement of the Group. As at 31 December the Group held goodwill of £8,047,202 (2020: £35,440) on the balance sheet.

Investments
The Group has a number of investments, the fair values of which are determined in accordance with the Group's valuation methodology. The methodology, which although based upon the International Private Equity and Venture Capital Valuation Guidelines ("IPEV guidelines") requires the directors to exercise judgement for those investments that are classified as Level 2 or Level 3 within the fair value hierarchy. All investments are assessed on, as a minimum, a quarterly basis, with any fair value adjustments taken through the profit and loss statement of the Group. As at 31 December 2021, the group held Investments of £24,433,398 (2020: £3,592,402), and digital assets classified as Level 2 investments of £2,266,939 (2020: £nil).

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.

3. Significant events and transactions

During the financial year ended 31 December 2021, the Group entered into two business combinations following the acquisition of 100% of the issued share capital of Elwood and Napoleon. The impact of these acquisitions is disclosed in note 8.

On 11 March 2021, the Company completed an initial public offering, raising net funds of £12.8 million, and was admitted to trading on Nasdaq First North Growth Market, under the stock ticker CS.

Following the year end the Group launched, via its wholly-owned subsidiary CoinShares Digital Securities Limited, the CoinShares Physical suite of products, referencing Bitcoin, Ethereum, XRP and Litecoin. These products, are physically backed ETPs listed on a variety of exchanges throughout Europe which realise management fees ranging from 98 to 150 basis points. During 2021, the suite of CoinShares Physical products contributed revenues of £871,706 to the Group.

Over the course of January and early February 2021, Komainu Holdings Limited, a former Joint Venture of the Group, completed a Series A fundraising round, raising a total of £18.5 million. As a result of the external fundraise, the Group's holding in Komainu reduced from 19.0% to 14.3% of its issued share capital and the holding was reclassified from a Joint Venture to an Investment due to the cessation of involvement in day to day management and dilution of ownership. The fair value of the Group's holding in Komainu as at 31 December 2021 is £2,348,725.

On 1 April 2021, the Company announced a strategic collaboration with 3iQ, launching the 3iQ CoinShares Bitcoin ETF, in conjunction with a strategic investment into 3iQ. Subsequently on 19 April 2021 the collaboration resulted in the launch of the 3iQ CoinShares Ether ETF. Both of these ETFs are traded on the Toronto Stock Exchange under the tickers BTCQ and ETHQ respectively. The fair value of the Group's holding in 3iQ as at 31 December 2021 is £7,587,421.

On 1 July 2021, the Company announced that it had received confirmation from the Swedish Finansinspektionen ("FI") stating that it had denied the Company's application regarding the ownership suitability assessment in relation to the direct acquisition of 100 percent of the votes and capital in Peak AM Securities AB ("Peak"). The FI concluded that the Company had not satisfied all of the conditions for granting a permit in accordance with Chapter 24, Section 1 of the Securities Market Act (2007: 528). The sale and purchase agreement in place with Peak stipulated a break fee of EUR 250,000 in the event tha acquisition did not complete. This fee was paid to Peak on 13 July 2021.

On 7 October 2021, the Company made a strategic investment of CHF 11,000,000 into FlowBank, an online bank headquartered in Geneva, Switzerland for 9.02% of its issued share capital. The fair value of the Group's holding in FlowBank as at 31 December 2021 is £8,725,450.

On 8 November 2021, Christine Rankin and Viktor Fritzen joined the Board of the Company as Independent Non-Executive Directors.

4. Seasonality

The Group's activities and financial performance are not impacted by seasonality.

5. Issues, repurchases and repayments of equity

During the year ended 31 December 2021 the following share & share options issuances, splits, redemptions and lapses occurred.

Opening shares	**63,187,460**	
	3,364,403	Shares issued on IPO in conjunction with Nasdaq First North Growth Market Listing
	1,298,322	Shares issued as consideration for the acquisition of Elwood (please see note 8)
	363,636	Shares issued as partial consideration for the acquisition of Napoleoon (please see note 8)
Closing shares	**68,213,821**	

Opening options	**2,955,920**	
	183,489	Share options issued to staff as part of the Company's share option scheme
	373,944	Share options issued to staff as part of the Company's share option scheme
	(5,722)	Share options lapsed due to staff leaving
	(10,446)	Share options lapsed due to staff leaving
	(5,608)	Share options lapsed due to staff leaving
Closing options	**3,491,577**	

Number of shares on a diluted basis as at 31 December 2021 is 71,705,398. The shares under option represent 5.1% of the issued share capital of the company.

Of the share options issued to staff, 183,489 were issued in conjunction with the IPO, vesting evenly in eight tranches over a 24 month period, with the final vesting date being 15 March 2023. The exercise price of these shares is equivalent to the IPO price, being SEK 44.9 per share.

The second tranche of 373,944 options were issued as part of the Company's annual remuneration process. These shares vest three years from the date of grant, being 19 April 2024. The exercise price of these shares is equivalent to the market price as at the date of grant, being SEK 94.4 per share.

All lapsed options are from this second tranche, leaving 352,168 in issue as at 31 December 2021.

6. Dividends paid

No dividends were paid during the year ended December 2021 (2020: nil).

7. Segmental analysis

Operating Segments

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

- Asset Management - fees generated on XBT & CSDS 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 8).

The accounting policies of the operating segments differ from those adopted by the Group as described in note 2, with fair value gains generated from digital assets classified as P&L movements rather than movements through OCI. This treatment is consistent with that of the Alternative Statement of Comprehensive Income.

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

The following is an analysis of the Group's revenue and results by reportable segment in 2021:

GBP	Asset Management	Capital Markets	Principal Investments	Business to Consumer	Other	Total
Revenue	80,588,821	-	-	303,627	-	80,892,448
Loss on financial instruments	(2,048,687,179)	(187,662,446)	-	154,000	-	(2,236,195,625)
Gain on digital assets	2,048,687,179	227,458,446	2,266,939	-	-	2,278,412,564
Total revenue & gains	**80,588,821**	**39,796,000**	**2,266,939**	**457,627**	**-**	**123,109,387**
Interest income	-	10,904,601	-	-	-	10,904,601
Investment gains (FVTPL)	-	-	5,287,123	-	-	5,287,123
Investment gains (OCI)	-	-	2,079,240	-	-	2,079,240
Other income	-	11,426,819	-	-	-	11,426,819
Total income	**80,588,821**	**62,127,420**	**9,633,302**	**457,627**	**-**	**152,807,170**
Trading fees	(76,355)	(3,459,103)	(8,184)	(206,667)	-	(3,750,309)
Custody fees	(3,387,566)	-	-	-	-	(3,387,566)
Other admin expenses	(9,032,756)	(2,001,052)	-	(484,847)	(13,510,857)	(25,029,512)
Total admin expenses	**(12,496,677)**	**(5,460,155)**	**(8,184)**	**(691,514)**	**(13,510,857)**	**(32,167,387)**
Interest expense	-	(6,793,246)		(7,186)	(9,729)	(6,810,161)
Total expenses	**(12,496,677)**	**(12,253,401)**	**(8,184)**	**(698,700)**	**(13,520,586)**	**(38,977,548)**
Profit before tax	**68,092,144**	**49,874,019**	**9,625,118**	**(241,073)**	**(13,520,586)**	**113,829,622**
Tax						(1,283,930)
Exchange differences on translation of foreign subsidiaries						1,799,824
Total Comprehensive Income						**114,345,516**

The following is an analysis of the Group's revenue and results by reportable segment in 2020:

GBP	Asset Management	Capital Markets	Principal Investments	Business to Consumer	Other	Total
Fee revenue	18,354,849	-	-	-	47,724	18,402,573
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
Total revenue & gains	**18,354,849**	**12,435,691**	**-**	**-**	**47,724**	**30,838,264**
Interest income	-	3,792,762	-	-	-	3,792,762
Investment gains (FVTPL)	-	-	942,364	-	-	942,364
Investment gains (OCI)	-	-	46,323	-	-	46,323
Other income	-	392,997	-	-	377,343	770,340
Total income	**18,354,849**	**16,621,450**	**988,687**	**-**	**425,067**	**36,390,053**
Trading fees	-	(1,247,390)	(61,246)	-	-	(1,308,636)
Custody fees	(1,103,354)	-	-	-	-	(1,103,354)
Other admin expenses	(4,657,795)	(870,273)	-	-	(6,369,069)	(11,897,138)
Total admin expenses	**(5,761,149)**	**(2,117,663)**	**(61,246)**	**-**	**(6,369,069)**	**(14,309,127)**
Interest expense	(98)	(1,180,626)	-	-	(33,820)	(1,214,544)
Total expenses	**(5,761,247)**	**(3,298,289)**	**(61,246)**	**-**	**(6,402,889)**	**(15,523,671)**
Profit before tax	**12,593,602**	**13,323,161**	**927,441**	**-**	**(5,977,822)**	**20,866,382**
Tax						(401,363)
Exchange differences on translation of foreign subsidiaries						(1,888,549)
Total Comprehensive Income						**18,576,470**

8. Business combinations

(i) Elwood

On 5 July 2021, the Group acquired 100% of the issued share capital of Elwood Asset Management Services Limited ("Elwood"), obtaining control of the company and its wholly owned subsidiary, Elwood Asset Management LLP. Elwood qualifies as a business as defined in IFRS 3. Elwood was acquired for its fee generating service contracts connected to the (renamed) 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.

GBP	
Identifiable intangible assets	12,473,554
Cash and cash equivalents	467,921
Financial liabilities	(662,497)
	12,278,978
Goodwill	-
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 as the volume weighted average price per share in the 60 consecutive day period ended on 18 June 2021.

Indentifiable intangible assets acquired consist of revenue generating contracts for services in relation to Elwood exchange traded products, now managed by the Group.

Acquisition-related costs consist of stamp duty paid to HMRC of £62,480 which has been allocated to equity in accordance with IAS 32.35.

Elwood contributed revenue of £510,183 and net income of £364,870 to the Group over the six month period between the date of acquisition and the reporting date.

These activities fall into the Asset Management operating segment as disclosed above in note 7.

(ii) Napoleon

On 17 December 2021, the Group acquired 100% of the issued share capital of Napleon Crypto SAS ("Napoleon") obtaining control of the company and its wholly owned subsidiaries. Napoleon qualifies as a business as defined in IFRS 3.

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

GBP	
Net assets acquired	(1,056,831)
Cash and cash equivalents	5,955,558
Financial liabilities	(1,032,000)
	3,866,727
Goodwill	8,011,499
Total consideration	**11,878,226**
Satisfied by:	
Fair value of shares issued	3,351,405
Cash and cash equivalents	8,526,821
Total consideration transferred	**11,878,226**

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

Acquisition-related costs amount to £8,504 and have been expensed in the period in which to cost was incurred in accordance with IFRS 3.

Napoleon contributed revenue of £303,627 and net expenses of £143,727 to the Group for the short period between the date of acquisition and the reporting date.

These activities fall into the Business to Consumer operating segment as disclosed above in note 7.

9. Intangible assets - digital assets

GBP	31 December 2021	31 December 2020
Digital assets		
By Currency		
Bitcoin	1,141,472,252	1,478,410,988
Ethereum	1,451,213,511	341,387,801
Litecoin	3,436,376	3,354,468
XRP	2,668,536	3,195,031
Other digital assets	137,690,667	346,236
	2,736,481,342	**1,826,694,524**

UNITS	31 December 2021	31 December 2020
Digital assets		
By Currency		
Bitcoin	26,609	69,676
Ethereum	479,804	624,933
Litecoin	18,953	36,126
XRP	4,283,786	19,745,027
	4,809,153	**20,475,762**

10. Investments

GBP	Investments in Joint Ventures	Investments in Listed Equities	Other Investments	Total
At 1 January 2020	635,705	-	4,913,831	5,549,536
Additions	412,154	-	3,651,548	4,063,702
Disposals	-	(881,505)	(6,128,018)	(7,009,523)
Fair value gain through profit and loss	-	881,505	592,278	1,473,783
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**	**-**	**3,075,962**	**3,592,402**
Additions	755,902	212,932	12,838,123	13,806,957
Disposals	(332,324)	-	-	(332,324)
Fair value gain through profit and loss	-	(81,864)	5,659,848	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)
At 31 December 2021	**649,157**	**131,068**	**23,653,173**	**24,433,398**

The investments held by the Group form part of the Group's Principal Investments portfolio, along with certain digital asset holdings and carried interest from CSII, classified as a receivable.

11. Trade payables & other liabilities

GBP	**31 December 2021**	**31 December 2020**
Amounts due to exchanges	49,510,925	31,814,911
Amounts owed to related parties	224,724	458,857
Accounts payable	1,181,896	192,846
Accrued liabilities	7,006,339	1,124,009
Certificate liability (ii)	3,308,065,193	1,757,564,551
Other payables	125,622,648	1,728,325
Total current	**3,491,611,725**	**1,792,883,499**

(ii) Certificate liability

GBP	**31 December 2021**	**31 December 2020**
Certificate type		
Bitcoin Tracker One	693,740,612	512,939,706
Bitcoin Tracker Euro	936,292,807	884,610,672
Ether Tracker One	561,828,061	110,466,885
Ether Tracker Euro	965,949,109	243,275,299
Litecoin Tracker One	-	2,320,161
Litecoin Tracker Euro	-	947,247
XRP Tracker One	-	2,045,635
XRP Tracker Euro	-	958,946
CoinShares Physical Bitcoin	97,567,239	-
CoinShares Physical Ethereum	48,592,824	-
CoinShares Physical Litecoin	2,117,670	-
CoinShares Physical XRP	1,976,871	-
Total current	**3,308,065,193**	**1,757,564,551**

NUMBER	**31 December 2021**	**31 December 2020**
Certificate type		
Bitcoin Tracker One	4,061,699	4,980,253
Bitcoin Tracker Euro	548,341	858,163
Ether Tracker One	20,606,836	21,051,566
Ether Tracker Euro	3,546,603	4,628,960
Litecoin Tracker One	-	512,980
Litecoin Tracker Euro	-	20,923
XRP Tracker One	-	2,687,609
XRP Tracker Euro	-	126,110
CoinShares Physical Bitcoin	2,778,800	-
CoinShares Physical Ethereum	586,600	-
CoinShares Physical Litecoin	96,500	-
CoinShares Physical XRP	80,300	-

12. First time adoption of IFRS

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

GBP	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	(30,349)	496,259,593
		502,580,267	1,622,388	504,202,655
Liabilities				
Current liabilities	b	(457,236,799)	(363,943)	(457,600,742)
Non-current liabilities	b	-	(1,207,121)	(1,207,121)
		(457,236,799)	(1,571,064)	(458,807,863)
Net assets		**45,343,468**	**51,324**	**45,394,792**
Equity		**45,343,468**	**51,324**	**45,394,792**

Group reconciliation of equity as at 31 December 2020

GBP	Notes	FRS 102	Reclassification and remeasurements	IFRS at 31 December 2020
Assets				
Non-current assets	a, b	4,198,821	1,201,953	5,400,774
Current assets	b	1,957,752,074	(19,126)	1,957,732,948
		1,961,950,895	1,182,827	1,963,133,722
Liabilities				
Current liabilities	b	(1,905,454,057)	(345,526)	(1,905,799,583)
Non-current liabilities	b	-	(791,784)	(791,784)
		(1,905,454,057)	(1,137,310)	(1,906,591,367)
Net assets		**56,496,838**	**45,517**	**56,542,355**
Equity		**56,496,838**	**45,517**	**56,542,355**

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

GBP	Notes	FRS 102	Reclassification and remeasurements	IFRS for the year ended 31 December 2020
Loss after income tax expense	a, b, d	(1,390,609,721)	156,677	(1,390,453,044)
Other comprehensive income	b	1,409,028,696	818	1,409,029,514
Total comprehensive income		**18,418,975**	**157,495**	**18,576,470**
Total comprehensive income attributable to				
Owners of the parent	a, b, d	16,749,711	157,495	16,907,206
Non-controlling interests		1,669,264	-	1,669,264
		18,418,975	**157,495**	**18,576,470**

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 accumulated in the foreign exchange translation reserve are transferred to retained earnings on disposal of a subsidiary. Under IFRS, these cumulative foreign currency translation gains and losses are recycled through profit or loss in the year.

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.

13. Related party transactions

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'). The Group has settled expenditure of £nil (2020: £7,769) for CS2LP. The Group has written off loans of £nil (2020:£13,934)for now defunct 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 provided a fixed term loan of CHF100,000 that was repayable on 28 February 2021 and is interest free. As at the end of the year, the full CHF100,000 remains outstanding. An amount of £81,048.43 (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.

Meltem Demirors is a member of the Stacks Open Internet Foundation ("Stacks") board. She is also the Chief Strategy Officer of the CoinShares Group and involved in the strategic decision making of the Group and the recommending of investments to the board. The Company entered into a loan agreement with Stacks on 20 October 2021 to borrow 2,000,000 STX tokens. The outstanding balance as at 31 December 2021 was £3,341,489 which includes accrued interest of £41,769.

On 26 December 2021, Meltem Demirors, Chief Strategy Officer of the CoinShares Group joined the board of 3iQ, an investee company of the Group.

On 18 March 2021, Meltem Demirors, Chief Strategy Officer of the CoinShares Group joined the board of Kingdom Trust, an investee company of the Group.

14. Events after the reporting date

On 26 January 2022 the Group launched two new ETPs, issued by CSDS, referencing Tezos and Polkadot. These ETPs, which are part of the CoinShares Physcial product suite, are listed Germany's main market Börse Xetra and are designed to share the rewards of staking with investors.

Since 31 December 2021, the total market capitalisation of all cryptocurrencies in circulation declined from $2.19 trillion to $1.53 trillion on 24 January 2022, representing a decline of 30%. This has since partially recovered, and as at 20 February 2022, the total market capitalisation of all cryptocurrencies in circulation stands at $1.73 trillion.

This decline and subsequent partial recovery 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.

ALTERNATIVE SOCI TO ADJUSTED EBITDA AND APM RECONCILIATION

Alternative SOCI

GBP	2021	Ref
Revenue	**80,892,448**	1
Gross profit	**80,892,448**	
Administrative expenses	(32,167,389)	2
Loss on financial instruments	(2,236,195,625)	3
Gain on digital assets*	2,278,412,565	4
Other operating income	11,426,819	5
Operating loss	**102,368,818**	
Gain on investments	5,577,984	6
Profit on disposal of subsidiaries	-	7
Share of joint ventures losses	(290,861)	8
Profit before interest and income tax expense	**107,655,941**	
Finance income	10,904,601	9
Finance costs	(6,810,160)	10
Loss before income tax expense	**111,750,382**	
Income tax expense	(1,283,930)	11
Loss after income tax expense	**110,466,452**	
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign subsidiaries	1,799,824	12
	1,799,824	
Items that will not be reclassified subsequently to profit or loss		
Fair value gain on investments	2,079,240	13
	2,079,240	
Total other comprehensive income	**3,879,064**	
Total comprehensive income	**114,345,516**	

Adjusted EBITDA Reconciliation

Asset Management Platform	80,588,821	1
Capital Markets Infrastructure	62,127,421	3, 4, 5
Principal Investments	9,633,302	4, 6, 8, 13
Consumer Platform	457,627	1, 4
Total	**152,807,171**	
Administrative expenses	(31,118,929)	2
Adjusted EBITDA	**121,688,242**	
Adjusted EBITDA (%)	*80%*	
Depreciation/Amortisation	(1,048,460)	2
EBIT	**120,639,782**	
Interest expense	(6,810,160)	10
Currency translation differences	1,799,824	12
Taxation	(1,283,930)	11
Total comprehensive income	**114,345,516**	

SOCI Splits

Revenue split	
Asset Management	80,588,821
Consumer Platform	303,627
	80,892,448

Admin expense split	
Admin expenses	(31,118,929)
Depreciation/amortisation	(1,048,460)
	(32,167,389)

Gain on digital assets split	
Capital Markets	2,275,991,626
Principal Investments	2,266,939
Consumer Platform	154,000
	2,278,412,565

Business Unit Recs.

Asset Management	
Revenue	80,588,821
	80,588,821

Capital Markets	
Gain on digital assets	2,275,991,626
Loss on financial instruments	(2,236,195,625)
Other operating income	11,426,819
Finance income	10,904,601
	62,127,421

Principal Investments	
Gain on investments	5,577,984
Share of joint ventures losses	(290,861)
Fair value gain on investments	2,079,240
Gain on digital assets	2,266,939
	9,633,302

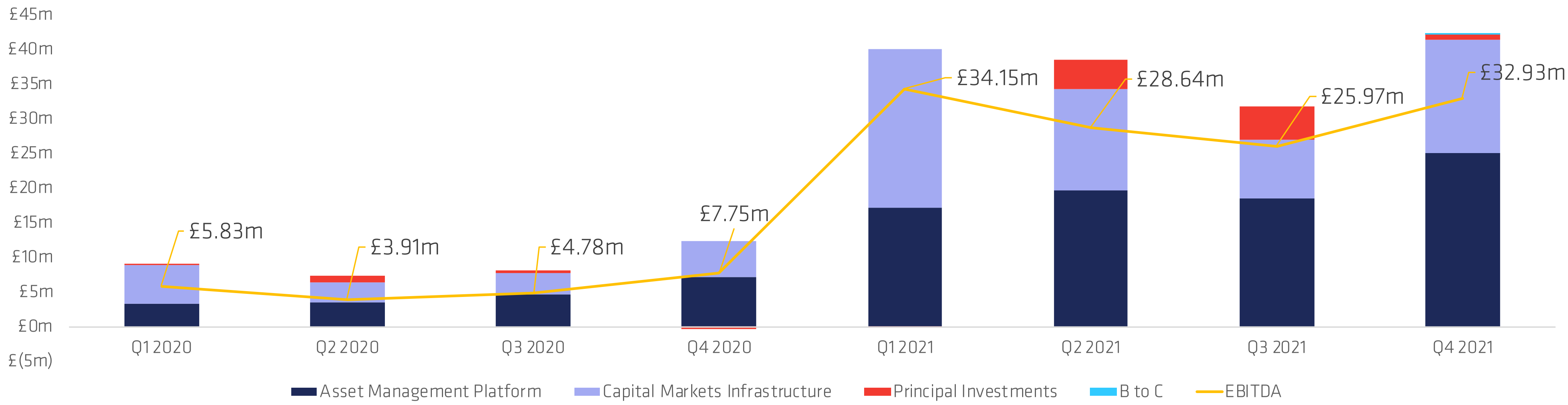
Consumer Platform	
Revenue	303,627
Gain on digital assets	154,000
	457,627

*Gain on digital assets is treated a FVTPL within the alternative SOCI. This is the only adjustment made from the SOCI prepared under IFRS

HISTORICAL QUARTERLY DATA

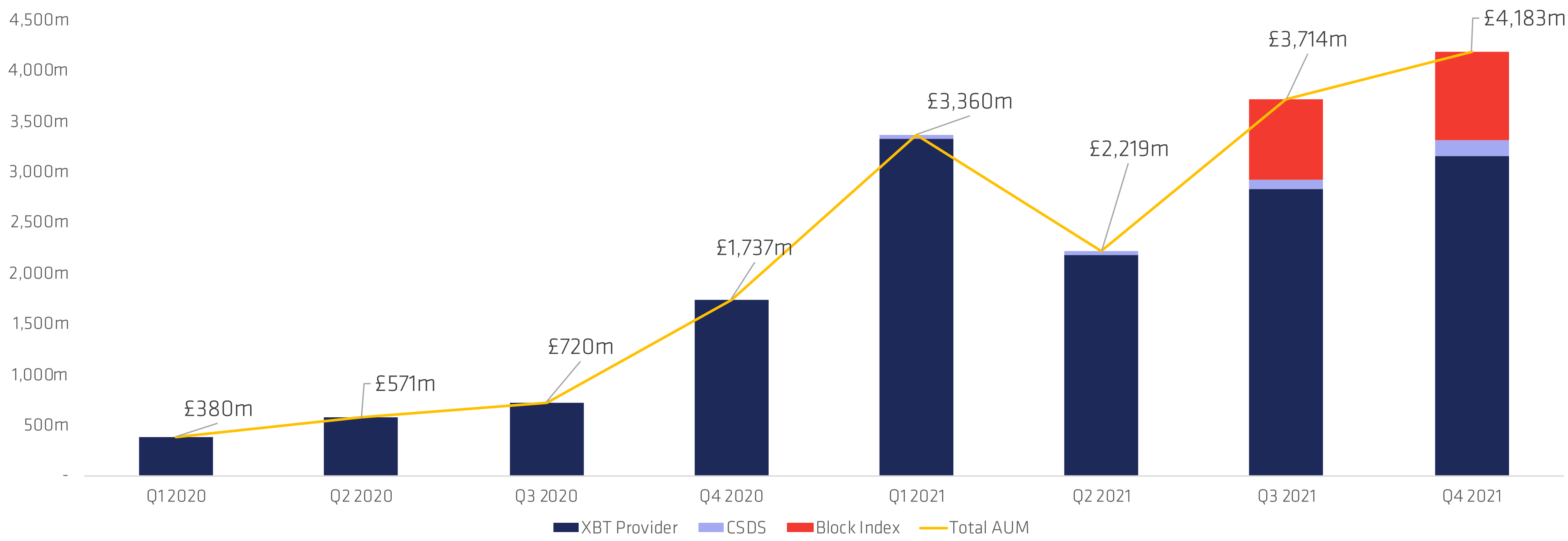
2020-2021 QUARTERLY PERFORMANCE (GBP)

GBP	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2020	FY 2021
Asset Management Platform	3,258,895	3,507,646	4,535,917	7,086,955	17,118,330	19,558,183	18,388,113	25,524,195	18,389,413	80,588,821
Capital Markets Infrastructure	5,563,942	2,797,196	3,240,965	5,233,384	22,771,556	14,657,816	8,449,548	16,248,501	16,835,488	62,127,421
Principal Investments	39,912	1,071,578	244,323	(367,126)	(6,864)	4,149,110	4,831,260	659,796	988,687	9,633,302
Consumer Platform	-	-	-	-	-	-	-	303,627	-	303,627
Total	**8,862,749**	**7,376,420**	**8,021,205**	**11,953,213**	**39,883,022**	**38,365,109**	**31,668,921**	**42,890,119**	**36,213,588**	**152,807,171**
Administrative expenses	(3,034,673)	(3,466,756)	(3,241,449)	(4,200,565)	(5,729,791)	(9,725,109)	(5,699,978)	(9,964,051)	(13,943,442)	(31,118,929)
Adjusted EBITDA	**5,828,077**	**3,909,664**	**4,779,757**	**7,752,648**	**34,153,231**	**28,640,000**	**25,968,943**	**32,926,068**	**22,270,146**	**121,688,242**
Adjusted EBITDA (%)	*65%*	*52%*	*59%*	*65%*	*86%*	*75%*	*82%*	*77%*	*61%*	*80%*



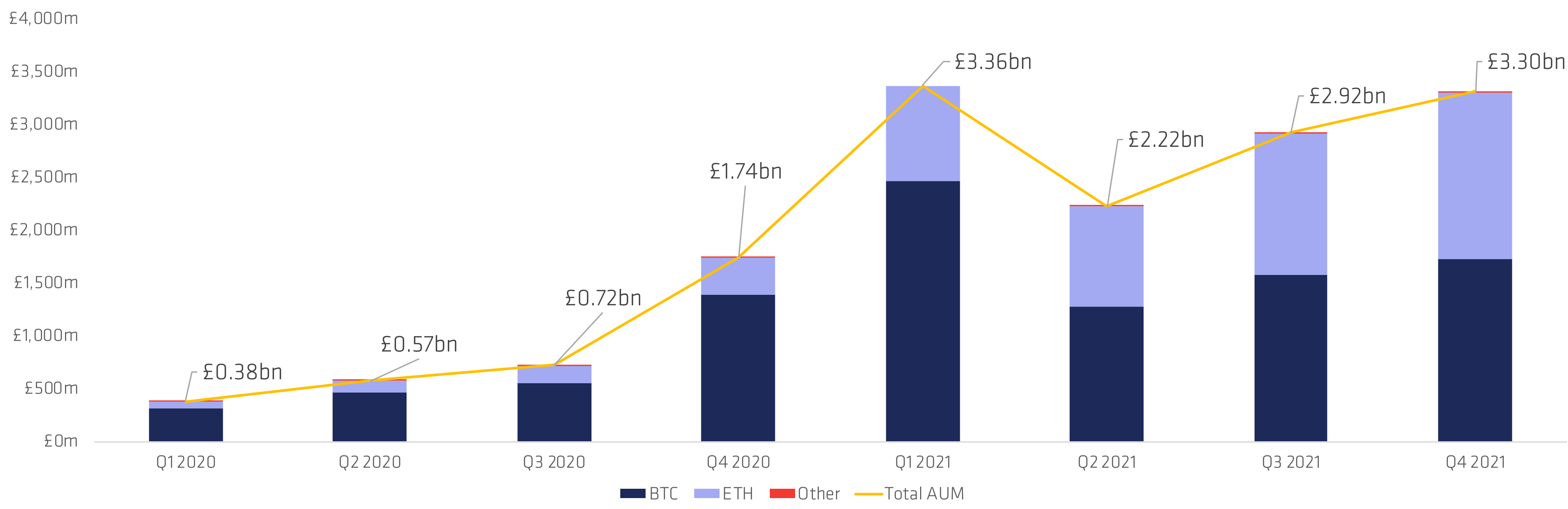
ASSET MANAGEMENT PLATFORM AUM (GBP)

GBP	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
XBT Provider	379,809,288	570,967,991	719,597,059	1,737,393,745	3,324,044,649	2,180,564,420	2,825,779,657	3,152,268,378
CSDS	-	-	-	-	36,025,168	38,393,156	90,384,222	150,254,999
Block Index	-	-	-	-	-	-	798,217,118	880,466,340
Total AUM	**379,809,288**	**570,967,991**	**719,597,059**	**1,737,393,745**	**3,360,069,817**	**2,218,957,576**	**3,714,380,997**	**4,182,989,717**

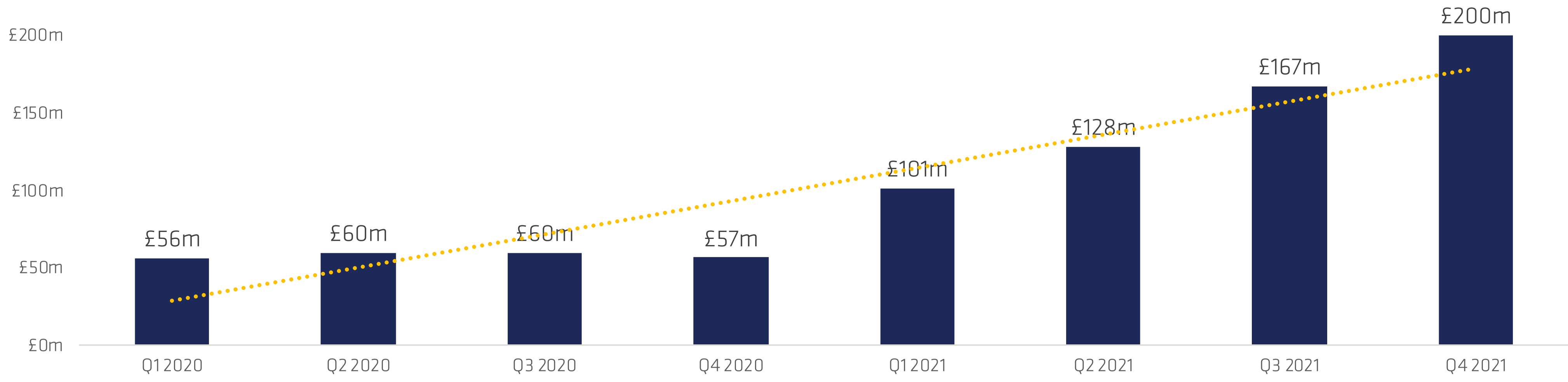


ASSET MANAGEMENT PLATFORM ETP AUM BY DIGITAL ASSET (GBP)

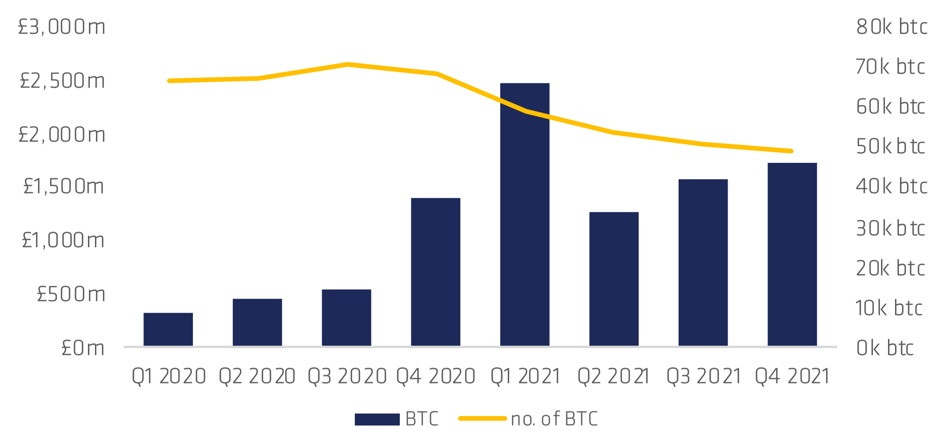
GBP	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
BTC	316,851,814	464,848,907	548,307,010	1,383,469,532	2,462,381,192	1,270,282,155	1,575,885,718	1,723,069,736
ETH	61,611,353	104,674,296	168,898,269	347,749,740	897,483,404	947,184,560	1,336,830,254	1,575,359,088
Other	1,346,121	1,444,789	2,391,780	6,174,473	-	1,490,862	3,447,907	4,094,553
Total AUM	**379,809,288**	**570,967,991**	**719,597,059**	**1,737,393,745**	**3,359,864,596**	**2,218,957,576**	**2,916,163,879**	**3,302,523,376**
no. of BTC	66,174	66,813	70,178	67,809	58,315	53,258	50,565	48,570
no. of ETH	670,174	629,326	655,225	673,412	683,411	635,641	610,668	564,166
no. of LTC	15,717	16,010	22,890	36,111	-	6,178	15,685	19,087
no. of XRP	6,401,220	6,882,920	9,067,275	19,743,545	-	1,846,028	2,355,362	3,177,466



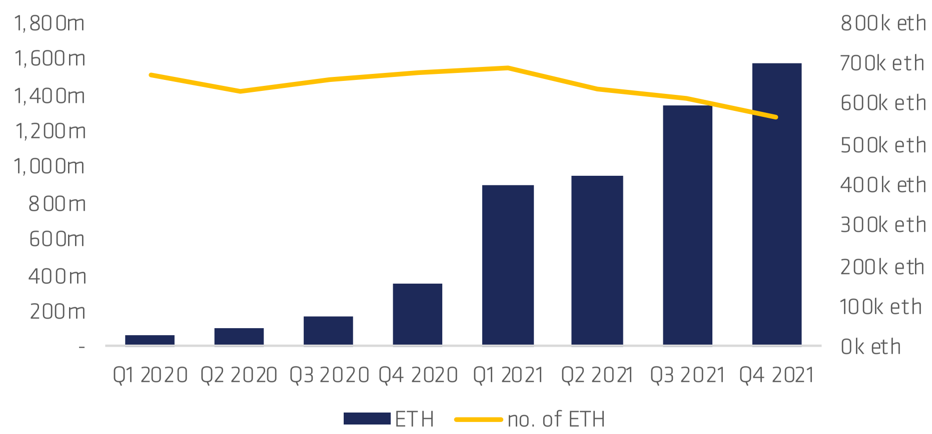
GROUP NET ASSET POSITION (GBP)



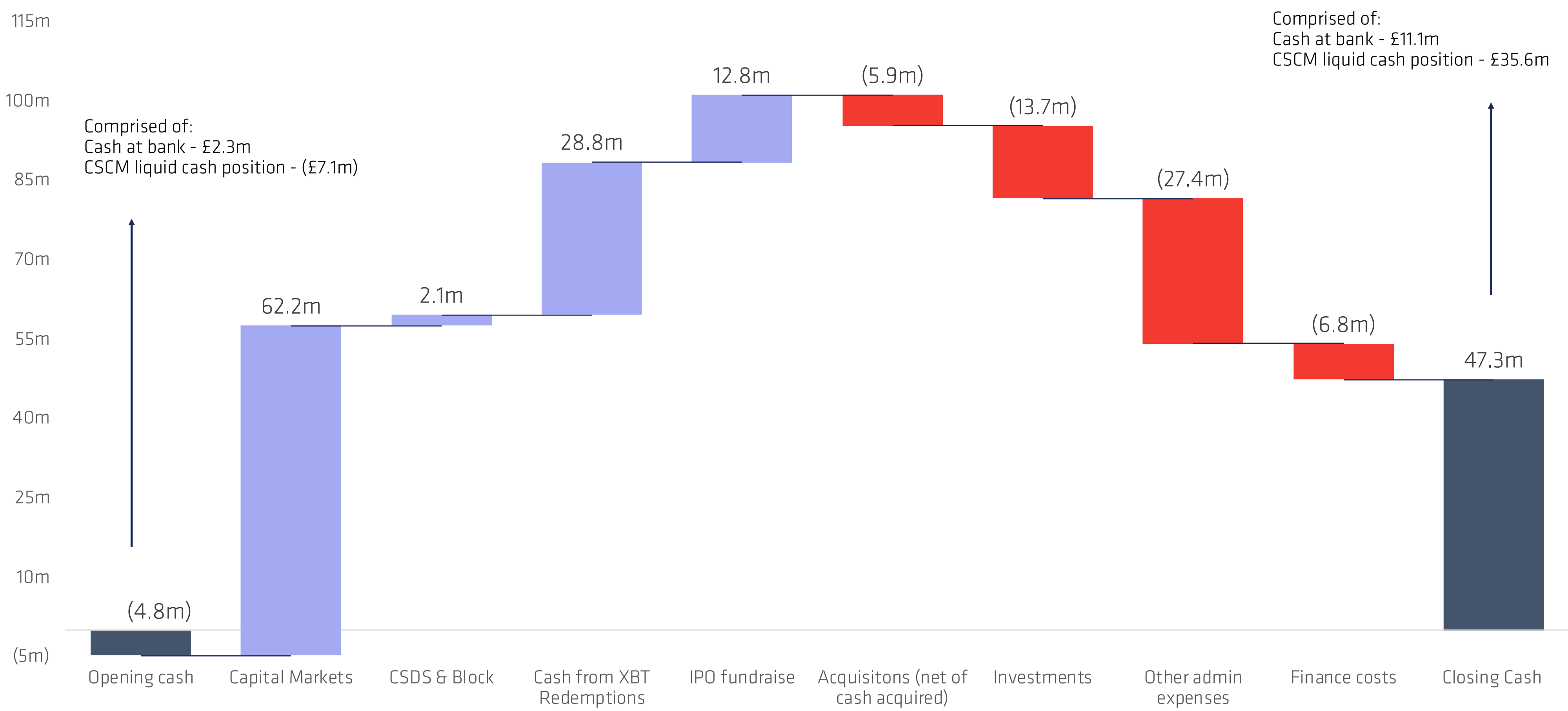
BTC AUM VS. BTC INFLOW/OUTFLOW



ETH AUM VS. ETH INFLOW/OUTFLOW



2021 - CASH WATERFALL SUMMARY (GBP)



CSCM liquid cash position represents the next book of CSCM at any given time. Amounts due to brokers, as disclosed within the Balance Sheet are offset by excess digital asset holdings over and above the hedging liabilities. The Group therefore considers its level of cash to be cash at bank (as per the Balance Sheet) together with the CSCM liquid cash position.

C O N T A C T

COMPANY
CoinShares International Limited
2nd Floor
2 Hill Street
St Helier
Jersey, JE2 4UA
Channel Islands

Website: **coinshares.com**
Email: **enquiries@coinshares.com**

CERTIFIED ADVISOR
Mangold Fondkommission AB
Box 55691
SE-102 15 Stockholm
Sweden

Website: **mangold.se**
Email: **ca@mangold.se**