coinshares.com

CoinShares

2023 ANNUAL REPORT

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Board of Directors

Daniel Masters
Chairman

Jean-Marie Mognetti
CEO / Board Member

Johan Lundberg
Independent
Non-Executive Director

Carsten Køppen
Independent
Non-Executive Director

Christine Rankin
Independent
Non-Executive Director

Viktor Fritzén
Independent
Non-Executive Director

Management Team

Jean-Marie Mognetti
CEO

Graeme Dickson
Group General Counsel

Richard Nash
Chief Financial Officer

Benoît Pellevoizin
Head of Marketing
& Communications

Pierre Porthaux
Head of Quantitative R&D

Frank Spiteri
Head of Asset Management

Lewis Fellas
Head of Hedge Fund Solutions

TABLE OF CONTENTS

01 -	Message from the CEO	4
02 -	Summary of Financial Performance	8
03 -	CoinShares Asset Management	11
04 -	CoinShares Capital Markets	15
05 -	Industry & Market	18
06 -	Corporate Governance Report	25
07 -	Sustainability Report	45
08 -	Audited Financial Statements	54

MESSAGE FROM THE CEO

Dear fellow shareholders,

2023 was a transformative year for CoinShares.

2023 was a transformative year for CoinShares. It was not only a pivotal moment in validating our foundational investment thesis, it was also a testament to the maturity and acceptance of digital assets within the institutional landscape. This was illustrated by the U.S. Securities and Exchange Commission's (SEC) approval of Spot Bitcoin ETFs in January 2024. This is a significant milestone for the industry, underscoring a shift towards the institutionalisation and financialisation of Bitcoin and digital assets. Since our inception, we have steadfastly believed in the distinctive characteristics and benefits of digital assets which would drive their inevitable financialisation.

The last 12 months have affirmed our conviction that digital assets have the potential to be hugely transformative for the investment landscape.

A Focused Strategy for the Future

In 2023, CoinShares delivered its second-highest performance (Adjusted EBITDA: £57.3 million) since its creation back in 2014. This success extended well beyond the favourable market conditions, enhanced by a strategic transformation that began in Q4 2022. This shift, highlighted in my previous CEO Message within the 2022 Annual Report, refocused our efforts on our **expertise in investment management**. Indeed, CoinShares was born out of Global Advisors, a commodity hedge fund founded in 1998 by our Chairman Daniel Masters. In the 2022 Annual Report, I emphasised the fundamental transition from an opportunistic approach to one driven by long-term conviction and vision. In 2023, our team therefore transformed a multifaceted business into one with a unified, coherent market identity and clear goal.

Our goal is to become a leading global investment company specialising in digital assets.

We will achieve this by building upon what we know to be the best digital asset beta product offering in Europe. We are now diversifying this beta offering geographically following our expansion into the U.S. market with the acquisition of Valkyrie Funds LLC. We are also diversifying our offering away from pure beta exposure, adding staking features. As well as this, in Q4 we started building our audited track record in alternative investment products.

CoinShares is now positioned and ready to thrive thanks to this clear, long-term vision that leverages our strengths and expertise to further enhance investment product offering.

It is our responsibility to communicate this effectively not only to our clients, but also to existing or prospective shareholders, analysts and opinion leaders in order to further raise the Group's profile and cement our position within the industry.

Bridging Two Distinct Financial Worlds

Tokenisation	CoinShares	Securitisation
TradFi assets are tokenized on blockchain and distributed on DEXs.		Digital assets are becoming securities through ETPs.

01
02
03
04
05
06
07
08

Reflecting on CoinShares' positioning within the digital asset landscape required a thoughtful pause to consider our identity and purpose from a broader perspective. Engaging in this reflective process with the support of our board, executive employees and future leaders has allowed me to clearly define our role and chart a course for the coming years. To put it simply, CoinShares stands at the nexus of two pivotal trends: the securitisation of digital assets and the tokenisation of real world assets (stocks, bonds, real estate etc.). CoinShares converts digital assets from decentralised systems (digital) into regulated (analogue), traditional financial instruments (ETPs, ETFs, hedge funds etc.), and bridges the gap between two distinct financial ecosystems. CoinShares acts as a digital to analogue transformer within the crypto industry, making the new internet of value accessible and secure for investors via its product suite.

Our Model: Balancing Innovation with Sustainable Growth and Profitability

As stated above, our mission has never been more focused. We are aiming to become a leading global investment company specialising in digital assets; an ambition brought to life through CoinShares' distinct model that harmonises growth with profitability, and all steered by a risk-managed yet pragmatic approach. This model permeates every level of our organisation, motivating everyone from office managers to myself as CEO (and second largest shareholder of the company), to strive towards our collective ambition, thereby enhancing shareholder value. In 2023, inspired by the strategic insights behind the transformative journey of companies such as Danaher Corp (NYSE: DHR), we took a significant step to codify our model. Our refined framework distinguishes us from conventional corporate models that often emphasise intangible and undifferentiated 'corporate values'. Instead, we transitioned toward a robust set of guiding principles. These principles are:

- **Lean Operations:** Maximising operational efficiencies and impact, we strategically allocate resources to underscore our commitment to profitability and excellence.
- **Laser Focus:** Ensuring meticulous alignment with our overarching strategic vision, we maintain precision and effectiveness across all facets of our operations.
- **Extreme Accountability:** Instilling a culture of responsibility, we set clear, measurable objectives and performance metrics that uphold the highest standards of excellence across the board.
- **Antifragility:** Embracing challenges as catalysts for growth, we nurture a resilient organisational culture that thrives on adversity, turning potential setbacks into opportunities for advancement.
- **Investor Centricity:** Prioritising investor insights at the heart of our strategy, we guide our product innovation and service delivery, ensuring we remain aligned with the evolving needs of our clients. Furthermore, we emphasise value creation and sharing with our corporate investors, underscoring our commitment to compete for our shareholders.

These guiding principles instil discipline and focus within our organisation, providing the blueprint for our operating model.

Strengthening European Leadership and Global Expansion

In 2023, CoinShares not only demonstrated resilience but also strategic agility, navigating the complexities of the market to reinforce our position as a leader in the digital asset space. Our focus on innovation, coupled with strategic acquisitions and partnerships, has expanded our product offerings and market reach, further solidifying our leadership position.

Building on 2023's achievements, our 2024 strategy will revolve around these four principles:

- Enhancing Our Presence in Europe

  Our commitment to reinforcing our leadership across Europe remains as strong as ever. Therefore, we aim to extend the XBT Provider product line and initiate targeted marketing campaigns to increase market penetration. A strategic rebranding effort is underway to more closely align the product line with the CoinShares mother brand, ensuring a cohesive and recognisable identity across our offerings.

  With CoinShares Physical, we are broadening our European footprint by entering new markets like France and Italy, while also solidifying our position in the DACH region through enhanced partnerships and targeted educational initiatives aimed at institutional investors. Our product suite stands out for its innovation and accessibility, featuring competitive management fees for our Bitcoin products, alongside our Ethereum product which offers regular, transparent staking rewards at zero management fees. Our index products follow the same pricing principles and further underscores our commitment to accessibility, transparency and innovation.

- Expanding Globally and Driving Value With An Innovative Offering

  The strategic acquisition of Valkyrie's U.S. ETF business marks a significant milestone in our global expansion efforts. By entering the spot Bitcoin ETF race, our goal is to position ourselves as a cutting-edge digital investment manager in the U.S., specialising in niche and sophisticated products like the WGMI ETF, an actively managed Bitcoin miners index, and the BTFX, a 2x Leveraged Bitcoin Futures ETF. The year 2024 promises to be a transformative period for the Valkyrie business as we welcome it into the CoinShares family. Among other things, this integration will involve a strategic rebranding to achieve uniformity across our product offerings.

  With regards to the U.S. I'm frequently asked how we plan to compete with such industry behemoths as BlackRock and Fidelity. First of all, America is the largest asset management arena — home to 50% of global assets and 15 times bigger than the European ETF market. But our competitive edge lies in our deep expertise in digital assets. By acquiring Valkyrie and launching CoinShares in the U.S., we're positioned to create advanced and sophisticated financial products focused on digital assets. Moreover, this American platform enables the integration of active management, which is fundamental to our identity. Looking forward, the evolution of the ETF sector will depend on blending the sophistication of hedge funds with the accessibility provided by regulated listed products. Our goal is to combine our dual strengths in financial product structuring and active asset management, leveraging our comprehensive knowledge of the digital asset sector, to redefine industry standards.

- Deploying Hedge Fund Solutions

  The introduction of Hedge Fund Solutions in September 2023 has helped with our establishment of our new foothold in the U.S. market. We know this will be a long (multi-year) process as we need to establish a presence and an audited track record. We aim to achieve this by being the most trusted crypto hedge fund solutions platform with a stable track record. As we move into 2024, we're focused on refining our operations and product offering whilst building our reputation and welcoming our very first external LP.

01
02
03
04
05
06
07
08

- Improving our Proprietary Trading Platform

  As 2023 came to a close, we welcomed a new Head of Engineering, who was tasked with leading our development team to continue enhancing our trading platform and asked to focus on latency, pre- and post-trade, as well as risk management. This platform is set to significantly boost the operational efficiency of our trading, lending and staking activities, while also elevating our risk management capabilities. We will transition all our trading activities to this advanced platform in 2024, promising a new era of efficiency and scalability for the Hedge Fund Solutions and Capital Markets businesses. We are also researching and experimenting with the use of Artificial Intelligence tools in our development and testing processes. Whilst still in its infancy, we believe this technology will help drive efficiencies in the development and execution capabilities of the platform and our business in general.

Commitment to Shareholder Value

Despite CoinShares' robust performance, marked by expansion, innovative product development, internal growth, and strong profitability (67% Adjusted EBITDA margin in 2023), our stock price has not mirrored these achievements, particularly when looking at Bitcoin and other comparables. This discrepancy could be attributed to the current listing location which may not yet fully appreciate the nuances of digital assets. To address this, we are intensifying our efforts in Sweden to elevate CoinShares' visibility among investors. We're witnessing a significant uptick in interest from financial analysts. Presently, we're engaging in discussions with leading investment banks in the Nordics to secure analyst coverage. Furthermore, we're expanding our visibility through participation in investor events across Stockholm and enhancing our press relationships with key Swedish opinion leaders.

In a financial environment that has moved away from zero interest rates, the static stock price scenario of CoinShares makes the enhancement of shareholder value even more imperative. To address this, and upon proposal from the Chairman, the Board of Directors has approved a new dividend policy. I want to be clear that we are not running out of growth ideas, but being the sole publicly-listed digital asset investment company capable of distributing dividends sets us apart. This policy not only exemplifies CoinShares' ability for consistent growth and strategic acquisitions, but also underscores our capability to expand globally while maintaining profit margins, which we are committed to sharing with our shareholders overtime.

Conclusion

Building on the foundations laid in the previous year, I am confident that our refined strategy, rooted in innovation, strategic expansion, and profitability, puts us in an exceptional place for the future. By harnessing the financialisation of digital assets and focusing on our core strengths, CoinShares is poised to not only meet, but exceed our ambition of becoming a preeminent investment company specialising in digital assets. We anticipate that the impact of our efforts will be evident in tangible financial achievements, reinforcing our dedication to delivering shareholder value.

As we navigate the evolving landscape of the digital asset industry, our resolve to move forward with purpose and vision remains unwavering. I extend my deepest appreciation for your enduring trust and support in CoinShares. Together, we stand on the brink of a remarkable era of growth and success. Here's to forging ahead into a future marked by groundbreaking achievements and shared prosperity.

Jean-Marie Mognetti, CEO of CoinShares

SUMMARY OF FINANCIAL PERFORMANCE

Selected financial information derived from the audited consolidated financial statements of the Group is disclosed below. The full-form audited financial statements, including notes and as prepared under IFRS are included within section 9 of the annual report.

Please note that the Adjusted EBITDA calculation of the Group (which is disclosed below) 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, as required by accounting standards. Adherence to the accounting standards, which classify digital assets as intangible assets, results in the disclosure of a profit after tax figure that, in our view, does not provide an accurate view of the Group's performance.

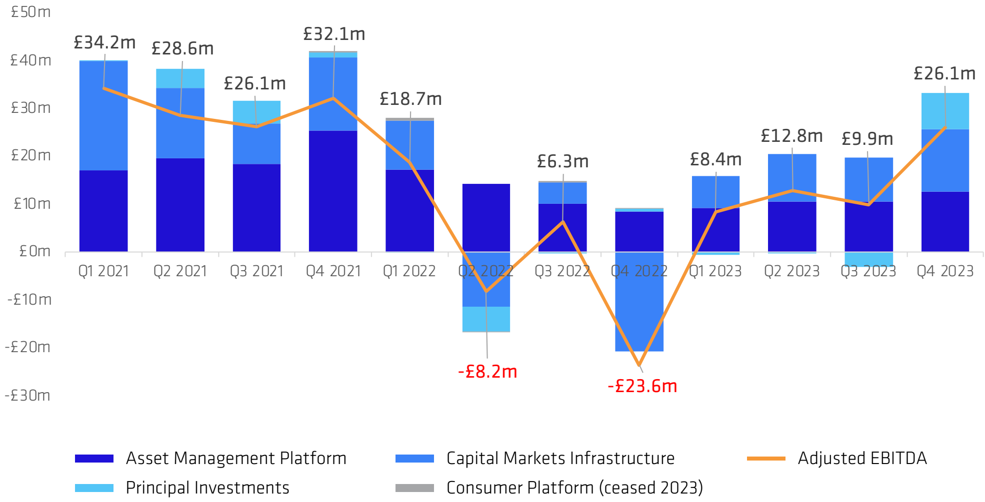
The Directors therefore believe the Adjusted EBITDA calculation and the alternative performance measures (APMs) included within are useful tools for investors when evaluating the performance of the Group and should be viewed in conjunction with the financial statements prepared in accordance with IFRS (a summary of which is also included below).

Adjusted EBITDA Calculation

	Year ended 31 December 2023 £	**Year ended 31 December 2022 £**
Asset management revenue	42,954,234	50,090,889
Capital markets gains & income	39,012,987	26,066,119
Principal investments gain/(loss)	3,693,062	(4,916,495)
Consumer platform revenue	-	936,684
Total revenue, gains and other income	**85,660,283**	**72,177,197**
Direct costs	(7,251,466)	(8,667,090)
Goodwill impairment	-	(5,473,525)
Exceptional items	-	(43,852,096)
Administrative expenses	(21,141,365)	(20,950,111)
Adjusted EBITDA	**57,267,452**	**(6,765,625)**
EBITDA (%)	*67%*	*n/a*
Depreciation/amortisation	(3,202,933)	(2,882,841)
Adjusted EBIT	**54,064,519**	**(9,648,466)**
Finance expense	(6,902,019)	(6,330,425)
Currency translation differences	(8,192,795)	19,281,832
Taxation	(573,670)	(368,674)
Total comprehensive income	**38,396,035**	**2,934,267**
Adjusted earnings per share		
basic	0.57	0.04
diluted	0.54	0.04

01
02
03
04
05
06
07
08

Historical Quarterly Performance 2021 - 2023



We started 2023 positively following the turbulence of 2022, and consistently reported strong Adjusted EBITDA throughout the year. 2023 was a year of recovery and stability which has resulted in the Group's second-best annual performance, behind 2021. While market recovery played a large part in this performance, the Group's individual business units have performed well in their own right over 2023 against a backdrop of a stable cost base, which has resulted in strong margins and a material increase in the net asset value of the Group.

The Group's Asset Management platform generated management fees in the year of £42.9 million (2022: £50.1 million), driven by both digital asset prices and solid net inflows seen in our CoinShares Physical product suite. CoinShares Physical is increasingly establishing itself as a key contributor to our Asset Management performance alongside our legacy product XBT Provider. Closing AUM for CoinShares Physical was £571.6 million, and this now represents 19% of the Group's total AUM of £3.04 billion as at 31 December 2023, alongside XBT Provider and the Block Index.

The Group's Capital Markets business unit also had a positive year, with relatively consistent performance quarter on quarter, landing at total income and gains for the year of £39.0 million (2022: £26.1 million). Much of the performance has come from staking, further bolstered by trading gains from the strategies deployed. Looking at 2023 as a whole for Capital Markets, one of the Group's key goals at the outset of the year was to achieve greater stability within this business unit following the exceptional losses suffered in 2022, and this goal has been more than met in 2023.

The costs of the Group have remained largely consistent in nature and quantum, both across the year and when examined alongside prior periods. The Group's direct costs predominantly constitute custody fees and trading fees, while the administrative costs of the Group predominantly constitute salary expenses, IT expenditure, rental costs, legal and professional fees. We see the relative stability of these costs alongside increasing topline as the most obvious indicator of the scalability of the Group's business model.

Further details are included within the full-form audited financial statements within section 9 of the annual report.

More details on each of the Group's business units are covered within the relevant sections of this Annual Report.

01
02
03
04
05
06
07
08

Summary Statement of Comprehensive Income

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Revenue	**43,082,721**	**51,336,682**
Expenses	(28,643,971)	(32,500,042)
Net (loss)/gain on financial instruments & digital assets	(494,596,254)	514,549,240
Other operating income	23,447,347	16,626,978
Operating (loss)/profit	**(456,710,157)**	**550,012,858**
Exceptional costs	60,190	(31,064,551)
Gain/(loss) on investments/associates	775,186	(4,950,035)
Net finance income	3,322,004	6,586,466
(Loss)/profit before interest and income tax expense	**(452,552,807)**	**520,584,738**
Income tax expense	(573,670)	(368,674)
Net (loss)/profit	**(453,126,477)**	**520,216,064**
Other comprehensive income/(loss)	491,522,512	(517,281,797)
Total comprehensive income	**38,396,035**	**2,934,267**

Summary Balance Sheet

	As at 31 December 2023 £	As at 31 December 2022 £
Assets		
Investments	44,924,207	45,011,850
Other non-current assets	17,595,540	16,814,023
Non-current assets	**62,519,747**	**61,825,873**
Digital assets	2,375,850,359	868,922,517
Trade receivables and other assets	268,334,978	179,024,105
Cash and cash equivalents	25,507,944	134,768,902
Current assets	**2,669,693,281**	**1,182,715,524**
Total assets	**2,732,213,028**	**1,244,541,397**
Liabilities		
Certificate liability	(2,351,475,523)	(986,707,490)
Other current liabilities	(110,330,883)	(28,660,067)
Trade and other payables	(5,612,218)	(3,969,783)
Current liabilities	**(2,467,418,624)**	**(1,019,337,340)**
Loans	(23,145,127)	(21,433,967)
Lease liabilities	(2,404,272)	(28,980)
Non-current liabilities	**(25,549,399)**	**(21,462,947)**
Total liabilities	**(2,492,968,023)**	**(1,040,800,287)**
Net assets	**239,245,005**	**203,741,110**

COINSHARES ASSET MANAGEMENT

01
02
03
04
05
06
07
08

2023 OVERVIEW

After an eventful 2022 for the crypto market, 2023 has been a much more positive year for crypto investors, with the anticipation over the potential approval of a spot Bitcoin ETF in the US and the incoming 2024 Bitcoin halving driving price appreciation, especially during the second half of the year.

Regulation has been one of the main drivers of 2023's positive sentiment. At the meeting of G20 Finance Ministers and Central Bank Governors in October, a regulatory roadmap for crypto was adopted which involved all the important international standard setting bodies. Regulation, not an outright ban, is now the path forward.

Over the second half of 2023, all eyes turned to the US. In August, the Court of Appeals for the DC circuit ordered the SEC to rescind its rejection of the Grayscale spot Bitcoin ETF proposal, putting the SEC on the back foot and dramatically improving chances for the approval of a spot Bitcoin ETF.

Bitcoin

In price terms, coming off from the lows of Q4 2022, the closing 2023 Bitcoin price of US$42,491 marked an increase over the course of 2023 of 157%, the best performing year for Bitcoin since 2020, signalling a potential end to the 2022 “crypto winter”.

In the wake of the overall crypto market recovery and the improving chances for the approval of a spot Bitcoin ETF, Bitcoin's dominant market cap significantly increased over the year, from 40% to 50%, which is often seen as a sign of a recovering market.

Ethereum

After a successful “Merge” upgrade in 2022, Ethereum delivered another important upgrade in 2023, with the implementation in April of the long-awaited Shanghai update that would unlock validator withdrawals. However important and successful this milestone was, Ethereum's on-chain activity remained muted, signalling that the continuous bearish sentiment from 2022 outweighed the positive developments seen on the network. This translated into an underperformance of Ethereum compared to Bitcoin, with an increase over the year of 93%, closing at US$2,299.

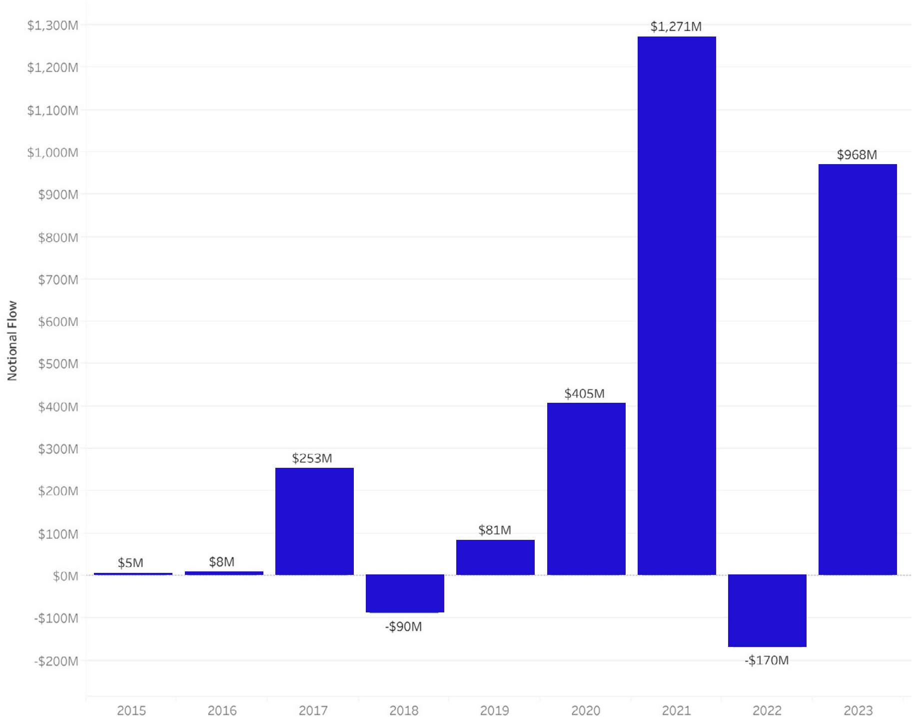
Solana

Solana, on the other side, has been one of the biggest winners of 2023. After a tumultuous 2022 where it lost more than 90% of its value, largely due to FTX's collapse, Solana was up nearly 1,000% over 2023, from around US$10 early 2023 to more than US$100 at the end of the year.

Against this background, European net investment into crypto ETPs was around US$968 million largely dominated by inflows into long Bitcoin ETPs, representing around 87% of all net inflows in Europe, followed by Solana at nearly 10%.

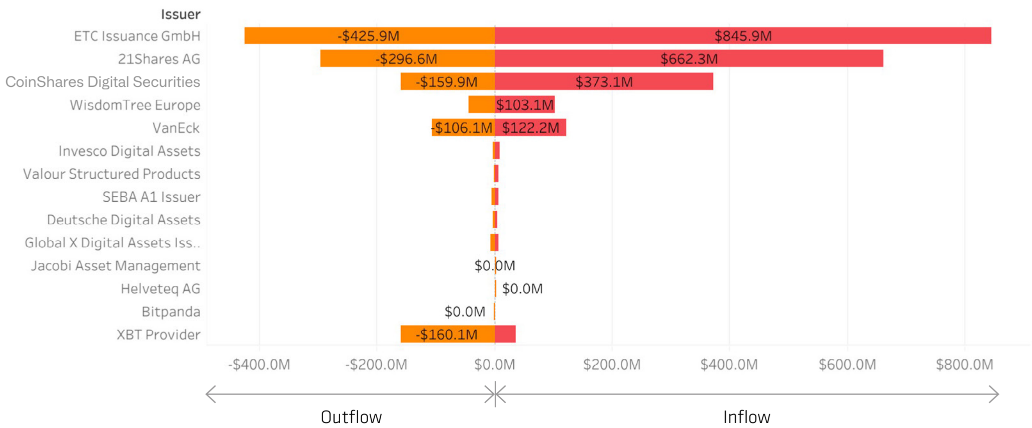
01
02
03
04
05
06
07
08

Historical EU crypto flows



2023 ETP PERFORMANCE

Gross Flows by Issuer 2023



XBT Provider

As stated above, the closing 2023 Bitcoin price of US$42,491 marked an increase over the course of 2023 of 157%, while Ethereum marked an increase of 93%, closing at US$2,299. Net outflow during 2023 saw the number of certificates issued by XBT referencing Bitcoin and Ethereum decrease during the year by roughly 4% and 8% respectively.

The outflow experienced has been more than off-set by price appreciation in the year, causing the AUM associated with the certificates rising by 127% to US$2.38 billion in 2023, and a gross revenue generated from XBT Provider totalling £39.5 million.

01
02
03
04
05
06
07
08

XBT products remain strong in their home markets with inflows broadly replacing outflows in both bear and bull market conditions, whereas outflows from the platform continue to be dominated by profit taking from professional and US based customers, marking a shift away from the first-of-its-kind product to an increasing amount of local competition. Outside of its home market, XBT averages 1.5% outflows per quarter.

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

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

CoinShares Physical

2023 saw the continued evolution of our physical ETP platform CoinShares Digital Securities, marked by the launch in March of our two innovative zero management fee Crypto Index ETPs: the CoinShares Physical Top 10 Crypto Market ETP and the CoinShares Physical Smart Contract Platform ETP. Those index ETPs, tracking indices developed together with Compass Financial Technologies, have been designed to offer a wide, seamless, and cost-efficient exposure to the rapidly evolving cryptocurrency landscape.

The platform generated £2.7 million in revenues after a reduction in the fee level for CoinShares Physical Ethereum to 0% on 1 February 2023. By year end, flows and price performance had contributed equally to a rise in run-rate revenue to £6.3 million which will be further supported moving into 2024 from the implementation of staking on the Ethereum product.

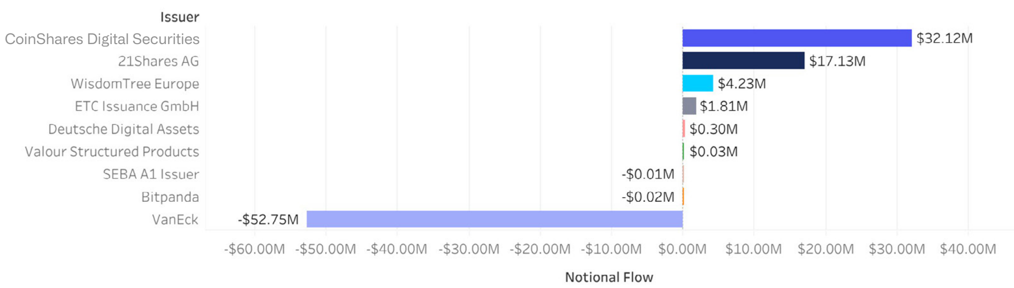
We remain committed to CoinShares Physical and providing both professional and retail investors across Europe with:

- the best in investor protection;
- high liquidity;
- competitive pricing; and
- innovative product features.

CSDS offers a total of 15 products, with our 11 ‘alt-coin’ products dominating their competition in net flows with US$32 million overall in 2023.

Block Index

Alt Coins Ex Solana 2023



The CoinShares Blockchain Global Equity Index experienced relatively solid performance over 2023. Q1 saw a positive uptick in underlying AUM due to a strong run in semiconductor stocks, further helped by digital asset prices driving the pure-play stocks within the index. Additionally, the first quarter saw net inflows of US$20.8 million, which contrasted with most competitors' net outflows during the period.

Q2 was slightly less positive, driven by a shift of interest towards the AI theme during this period. This resulted in a diversion of assets from blockchain ETFs, and the Block Index experienced outflows amounting to US$14.0 million. Nevertheless, despite this shift, the year-to-date flows at the halfway point in the year remained positive at US$8.6 million. Importantly, we have maintained our position as the market leader in terms of year-to-date inflows.

Q3 was impacted by the 10.9% depreciation in Bitcoin prices over the quarter, although the Index managed to limit losses to 6.6%. Toward the end of the year, the index saw a very strong Q4, with the ETF returning 51%, which compared with 11.4% for the MSCI World and 11.2% for the S&P 500. The strong performance was led by the surge in the Bitcoin price, which spiked a rally in Bitcoin miners, further impacting performance positively.

The Block Index finished 2023 with £576.1 million in assets benchmarked to its strategy, making it the second largest product of its kind globally.

2024 OUTLOOK

2024 is set to be a landmark year for digital assets, with the recent launch of spot-based Bitcoin ETFs in the US (potentially followed in the coming months by the approval of a US based spot Ethereum ETF), the implementation of MiCA in Europe (the EU's bespoke framework for the regulation of cryptoasset service providers and stablecoins), and the 2024 Bitcoin halving event.

Private clients continue to be the primary beneficiaries of securities like our crypto ETPs, and we believe that large amounts of latent demand for crypto investment products remain across such investor segments, which is why we think this segment will continue to grow in Europe in 2024.

However, European regulatory clarity around both ETPs and underlying crypto assets as well as the recent launch of Bitcoin ETFs in the US by large traditional asset managers will help a larger proportion of professional investors access crypto markets, and are positive that professional investors can represent a larger portion of our client base in the years to come.

Therefore, we aim at positioning CoinShares as the provider of choice in Europe for both private and professional investors, by ensuring our platform stays innovative and competitive. It is with this objective in mind that in early 2024 we have already reduced our management fees on our flagship CoinShares Physical Bitcoin ETP to 0.35% (from 0.98% previously), and added a best-in-market net staking rewards of 1.25% to our zero-fees Ethereum Physical ETP.

COINSHARES CAPITAL MARKETS

01
02
03
04
05
06
07
08

2023 OVERVIEW

With Bitcoin starting the year at approximately US$16,000 and Ethereum at US$1,200, markets started the year on the back foot, with suppressed investor appetite and low trading volumes. After the collapse of a number of competing trading firms and market makers, we saw those remaining pare back their trading activities and a corresponding reduction in orderbook depth and overall volatility.

For those that survived, operational complexity increased by virtue of the collapse of three digital asset-friendly banks, being Silvergate, Signature and Silicon Valley Bank. The shuttering of Silvergate and Signature had a profound impact due to the loss of the Silvergate Exchange Network and Signature's SIGNet, which offered close to real-time settlement of US dollars across exchanges and institutional market participants. We successfully navigated these events without issue due to the implementation of a revised counterparty risk framework and relationships with a diversified set of banking partners, however, the return to being reliant upon traditional banking wires in a market that trades 24/7 laid bare the benefits that blockchain settlements represent.

Following the events of 2022, we undertook a significant review of our risk framework and worked closely with trusted counterparts to produce innovative solutions to mitigate the challenges presented by a repeat FTX scenario. As a result of the work undertaken, we now have tripartite account control agreements in place between our custodians and a number of exchanges, allowing us to retain our digital assets at custodian, and our dollars at banks, undertaking a periodic net settlement thus reducing the overall value of assets outstanding with counterparties at any moment in time.

This work has positioned us well as we undertake transition of the majority of our Capital Markets trading activity into our newly created Hedge Fund Solutions division, as we listened to our investors who cited counterparty risk as their greatest concern in the digital asset space. The interest generated in the launch of our new products has been significant, and we welcomed our first external investors into the funds in Q4 2023. Accordingly, as the Assets Under Management continue to grow under the Hedge Fund Solutions division, our volumes within Capital Markets will decline accordingly over the forthcoming year as we dial back our arbitrage trading strategies, with the funds being our primary trading focus.

Performance

£	**YTD 31 December 2023**	**Year ended 31 December 2022**
Liquidity Provisioning	1,446,479	4,451,317
Delta Neutral Trading Strategies	5,009,488	2,587,091
Fixed Income Activities	10,130,726	4,955,180
Staking	20,425,784	13,857,006
Other/FX	2,000,510	443,056
Total	**39,012,987**	**26,293,650**
Direct costs (inc. finance expense)	(8,184,475)	(8,525,419)
Exceptional items	-	(43,852,096)
Gross Profit	**30,828,512**	**(26,083,865)**
Gross profit margin	79%	-100%
Administrative expenses	(3,470,721)	(1,774,189)
Operating Profit	**27,357,791**	**(27,858,054)**

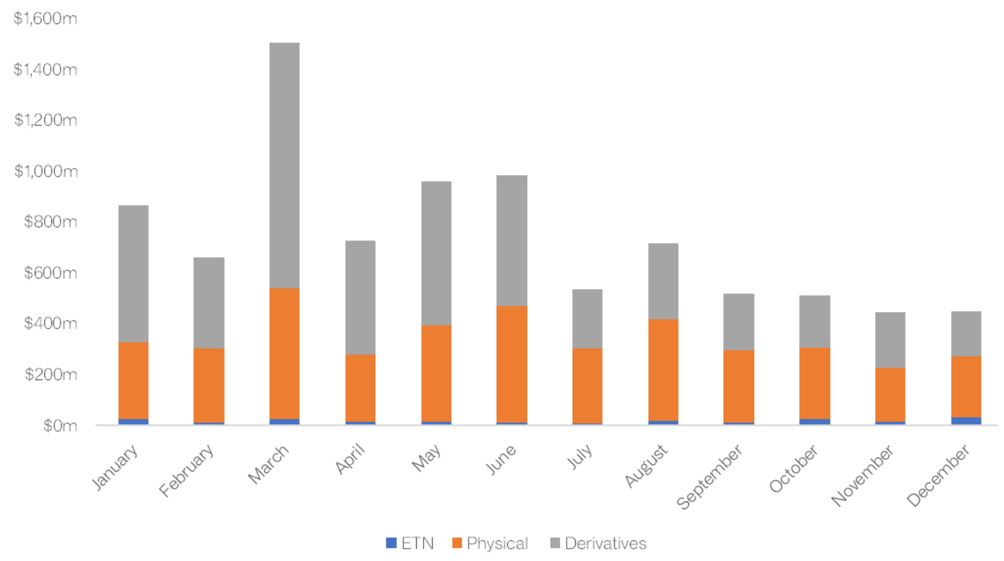
Given the reduced opportunity set presented by market conditions throughout the majority of 2023, we increased our on-chain staking activity, supporting a number of coins. This has been a material driver of returns for us and we aim to continue our efforts in this activity throughout 2024. Additionally, we undertook a significant revamp of our Master Lending Agreement to produce what we believe is a best-in-class document, in order to increase our lending activity within the constraints of our enhanced risk framework. This has borne fruit for us, as the majority of our borrowing counterparties are significant market makers in the Traditional Finance space, with well-capitalised digital asset trading arms. As such, we saw significant demand from such entities in Q4 2023 as they sourced inventory to prepare themselves for the Bitcoin ETF approval. Through this positioning, we are therefore able to put otherwise dormant inventory to work when market opportunities are not as compelling, with opportunities to lend BTC or ETH, and the option to also stake ETH on-chain, giving us a well-diversified revenue stream.

Liquidity provisioning was materially weaker as the XBT Provider ETN holder base remained steadfast post the FTX induced crash of 2022, and volatility reduced significantly in the summer months. This decline was offset by an increase in our Delta Neutral Trading strategies where we saw significant opportunities in deploying our Futures Arbitrage strategies on the Chicago Mercantile Exchange.

Volume

Our trading volumes in 2023 declined Year on Year from US$15 billion in 2022 to US$8.8 billion in 2023 as a result of the low volatility exhibited by the market until Q4 2023, when market expectations of a Bitcoin ETF approval began to gain pace.

2023 Volume Traded US$m



01
02
03
04
05
06
07
08

2024 Outlook

As communicated first in our Q3 earnings report, the Capital Markets business continues to transition our delta neutral trading strategies to within the products offered by our Hedge Fund Solutions business, with the funds having now welcomed external investors in Q4. Our team of technologists, quants and traders have taken our existing, tried and tested trading strategies and deployed these within the funds, with a number of new trading strategies and tools developed over the course of 2023 which will generate alpha into 2024.

The advent of the Bitcoin ETF approval has been a monumental development for digital assets, and with that brings a number of new instruments and therefore arbitrage opportunities that we may capitalise upon, as digital assets become increasingly adopted by Traditional Finance. The introduction of new market participants will likely change hitherto market dynamics, along with the meaningful dollar flows that the ETFs may bring. We have identified new trading opportunities into 2024 which we will continue to refine and enhance, as we continue to develop our tech stack and benefit from the research of our expanded quant team.

Within the capital markets business, we will continue to honour our liquidity provisioning commitments and seek to expand our ever-broadening relationships with an increasing number of market counterparts and venues where we can trade.

Whilst 2023 was very much a year of consolidation and significant work was undertaken on our risk management infrastructure, we do not plan to remain idle and will continue to adapt our risk management policies in line with an ever-changing market. Much of the work undertaken to date has been via the introduction of Account Control Agreements between exchanges, ourselves and our Trusted Custodians. We continue to encourage other exchanges to follow suit and will work to push for off-exchange settlement to become the de facto method adopted by the market.

Our pipeline of lending business remains strong into 2024 and we will continue to be selective upon who we accept as borrowers. We expect this line of business to be a material driver of profit as a number of high-quality market makers enter the space as they straddle trading of listed ETPs/ETFs and the underlying digital asset.

We look forward to updating you on our progress on the transition into and growth of the Hedge Fund Solutions Business, along with the performance of our Liquidity Provisioning, Staking and Fixed Income Activities into 2024.

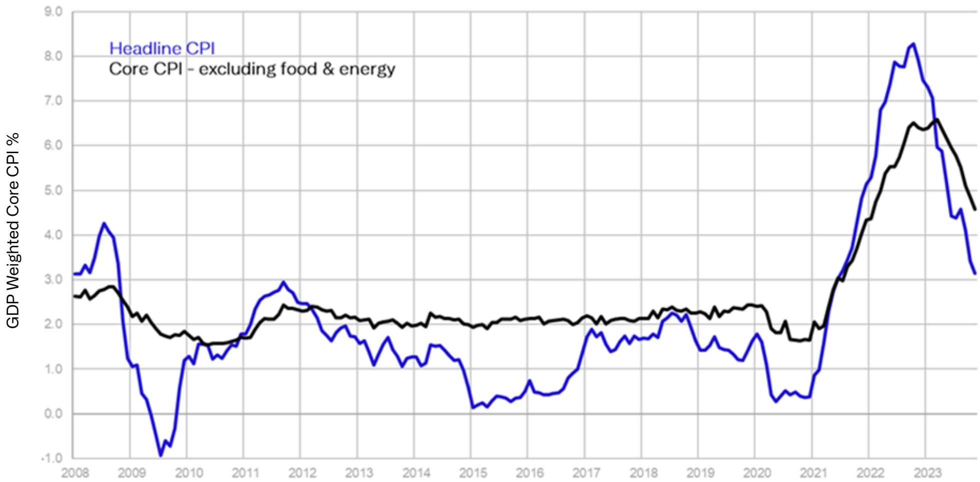
2024 CRYPTO MARKET OUTLOOK

The year 2024 is poised to be transformative for digital assets, with several significant developments on the horizon. One of the most notable is the recent launch of spot-based Bitcoin ETFs in the US. This development, a decade in the making since the initial SEC application, has opened the market to a broader range of investors, representing a major milestone in the acceptance of digital assets. The impact of this can already be seen from the price action thus far in 2024.

Monetary policy remains an important factor in determining Bitcoin's value, especially as rising interest rates lead investors to shift their focus towards competing stores of value, such as US Treasuries. Additionally, the stability of the US Dollar is a significant consideration, due to Bitcoin's inverse correlation with it. With inflation rates in developed countries declining sharply, echoing the trends seen in the aftermath of the 2009 financial crisis, expectations are growing that the US Federal Reserve might reduce interest rates in the first half of 2024. A decision like this would likely strengthen the appeal of fixed supply assets, including Bitcoin and gold in favour of US Treasuries.

01
02
03
04
05
06
07
08

Inflation in Developed Markets



Source: Bloomberg, CoinShares, data available as of close 03 January 2024

Moreover, the US Dollar's appeal is diminishing due to long-term geopolitical shifts and changes in global supply chains, leading to increased use of alternative currencies and swap lines with countries like China. Concurrently, concerns about the sustainability of US debt, underscored by downgrades from several rating agencies and rising Credit Default Swap (CDS) costs against the risk of a US government default, are diminishing the Dollar's attractiveness. CDS levels, near their highest since 2011, are rising unusually during a rate hiking cycle, indicating growing investor apprehension about the safety of US debt.

In the event of a crisis of confidence in US debt or further instability in the US banking system, Bitcoin may see support as investors increasingly view it as a reliable asset in uncertain times.

Bitcoin typically exhibits a negative correlation with the US Dollar, which is understandable given its role as an alternative store of value. However, its correlation has recently increased, a trend often seen during periods of monetary policy shifts or market stress, when investors flock to more stable assets. We anticipate that this pattern is temporary and expect Bitcoin to revert to trading inversely to the US Dollar over the next 12 months.

Lastly, the recent increase in correlation between bonds and equities, excluding the COVID-19 period, is driving investors to seek effective diversification options. In this landscape, Bitcoin has demonstrated significant potential for diversification beyond traditional asset classes, as discussed here. This increasing recognition among investors is likely to further drive Bitcoin's adoption and impact its value in the upcoming year.

01
02
03
04
05
06
07
08

How Prepared Are The Miners for the Halving?

Halving events typically present challenges and uncertainties to Bitcoin miners, and just months before the April 2024 halving, this discussion could not be more topical. Miners had a very tough end to 2022 and beginning of 2023, with mining economics plummeting amidst a declining Bitcoin price and an ever increasing network hashrate. Mining conditions improved slightly from January, but with the exception of the fee-driven May peak, economics remained subdued for most of the year. With markets turning bullish towards Bitcoin again, miners' profitability has increased considerably, leading to a considerable rally in their share prices, but does that mean all is well?

We draw a comparison of Bitcoin mining companies' financials and operations between now and before the previous halving to gauge how these names could behave post the 2024 Bitcoin halving event. For the pre-2020 halving analysis, we have used data from miners' March 2020 quarter filings, while for 2023, we have used the latest set of accounts, from the September 2023 quarter.

Back in 2020, there were seven listed miners, which accounted for a hashrate of 2.9EH/s, or 3% of the 110EH/s network hashrate as at 31 March 2020. Currently, listed miners account for a much larger share of the hashrate, at 25%, with the legacy miners (i.e., the ones listed in 2020) having grown their share to 12% of the total network hashrate of 395EH/s (as of September 2023).

The Bitcoin price, difficulty and machine efficiency were at very different levels back in 2020. Hence, in order to compare the cost of production between then and now, we have taken the direct mining costs per Bitcoin (net of power credits, when applicable) as a percentage of the prevailing Bitcoin price at quarter close (31 March 2020 and 30 September 2023).

Most miners have been able to reduce their costs in relation to the Bitcoin price, despite the price and hashrate headwinds, suggesting that miners have been able to operate more efficient facilities and machines as well as better power pricing conditions.

Going into the 2024 halving, miners are much less indebted than in 2020. There are a couple of reasons for this. Firstly, interest rates are considerably higher now, making debt capital scarcer and more expensive, especially after the collapse of Genesis and Celsius. Loans, which at 0% interest rates already had some hefty spreads of 10-12%, would be borderline unaffordable in the current state of the market. Another reason, however, is the listing of several miners in the Nasdaq, where companies have access to at-the-market (ATM) offerings in order to equity finance their capex and operations, reducing the need for debt financing and also allowing higher leveraged players to repay their debt using equity capital.

Another stark difference between 2020 and now is the scale of operations. While until 2020, management would talk about petahashes and operating out of containers, mining operations now are considerably larger scale, measured in exahashes (or one thousand petahashes), and are run out of purpose-built sites with power contracts large enough to allow grid operators to use miners as balancing levers when grid-wide demand goes up and down, also providing additional sources of revenue via demand response schemes. The larger scale of miners has allowed them to accumulate considerable sums of cash and Bitcoin, providing solid cushions for when times are not as good.

Bitcoin miners went through the 2020 halving event largely unscathed, and although economics initially deteriorated, the price response was enough to allow miners to continue their operations. Our analysis reveals that miners are in much better shape now than before. In addition, a series of recently announced machine deals suggests that miners are working to improve their fleets and efficiency, which should reduce costs even further going into the halving.

Finally, we believe that, differently to 2020, Bitcoin has two significant drivers ahead: the recent approval of a spot Bitcoin ETF in the US and the easing of monetary policy by the Fed. Both factors are likely to provide a considerable boost to the Bitcoin price and further contribute to clearing the halving hurdle in a similar or better fashion as last time.

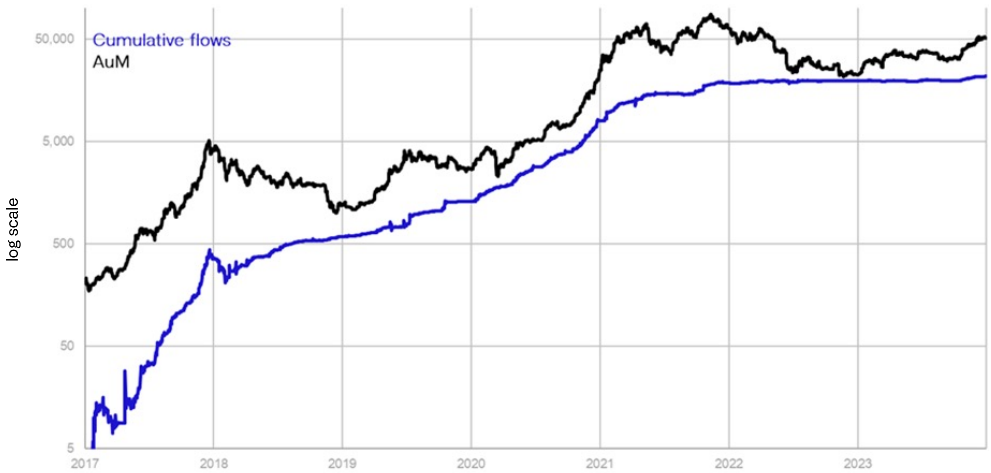
Fund Flows suggest the bull market has only just begun

The year 2024 is anticipated to mark a significant turning point in the digital asset sector, with the expectation of substantial institutional investor participation for the first time. Over the past decade, issuers have been engaged in a prolonged struggle with the United States Securities and Exchange Commission (SEC) to approve a spot-based Exchange-Traded Fund (ETF) for digital assets. Issuers have recently succeeded in launching Bitcoin spot-based ETFs, ETFs already exist in the US, they are not spot-based products, which meet more stringent due-diligence criteria. Consequently, the introduction of spot-based Bitcoin ETPs (Exchange-Traded Products) has been a pivotal moment for many institutional investors, allowing them for the first time to gain exposure to Bitcoin.

Although spot-based Bitcoin ETPs are already available in Europe and have enjoyed relative popularity, the US market, often at the forefront of technology investments, is seen as a more significant indicator of legitimacy for the digital asset world. The launch of these products in the US represents a major victory and a step towards shedding the reputational risks that have accompanied digital assets during their maturation.

Appetite for digital assets dramatically improved towards the end of 2023 due to the hype surrounding the impending SEC decision as indicated by US$2bn of inflows in the final quarter. But when these flows are expressed as a percentage of assets under management, they have barely moved the needle, while total AUM (Assets Under Management) at US$51bn remain well below the US$84bn peak seen in late 2021. This suggests that if we are truly in a new bull market, it is evident that it has barely begun.

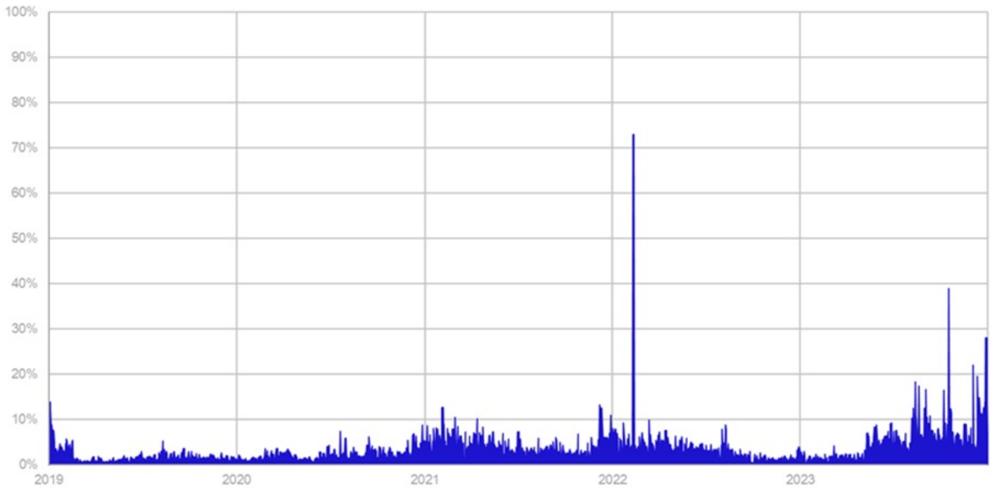
Digital Asset ETP Net Assets US$m



Source: Bloomberg, CoinShares, data available as of close 04 January 2024

There are concerns that the entry of US investors into the digital asset market could create overwhelming demand, potentially straining market capacities. However, we consider this scenario to be highly improbable. When examining the existing volumes of Bitcoin ETPs, they typically account for an average of around 12% of the total Bitcoin trading turnover on trusted exchanges. This figure already includes volumes from the closed-end GBTC Fund.

Bitcoin ETP Turnover as % of Total Bitcoin Turnover



Source: Bloomberg, CoinShares, data available as of close 04 January 2024

In 2023, Bitcoin was the primary beneficiary of improved investor sentiment, attracting US$1.9 billion in inflows, which constituted 87% of the total inflows into digital assets. This level of dominance in fund inflows is unprecedented, surpassing the previous peak in 2020, when Bitcoin accounted for 80% of inflows, and greatly exceeding the 42% share it captured in 2017. With the launch of a spot-based Bitcoin ETF, we expect Bitcoin to maintain, if not increase in the short-term, its dominant position in attracting investment flows.

Ethereum sentiment likely to improve in 2024

In 2023 the prevailing scepticism towards Ethereum's capability to effectively implement changes to its protocol coupled with the quantum of its network fees are, we believe, key factors behind its relatively low inflow of investments. This initially stemmed from doubts surrounding the Merge in 2022, followed by concerns about the unstaking process in the Shanghai upgrade, and now the anticipated Decun upgrade in the first quarter of 2024. Additionally, fund flows data suggest that Ethereum faced stiff competition from Solana, which has garnered more than double Ethereum's inflows, at US$167 million compared to Ethereum's US$78 million.

Despite these challenges, the Ethereum Foundation has demonstrated a growing proficiency in successfully rolling out major network upgrades, as evidenced by the seamless execution of both Shanghai and The Merge. However, Ethereum seems to remain underappreciated by investors. This lack of enthusiasm appears unwarranted, especially considering that Ethereum is the only digital asset currently offering an attractive yield, with its net issuance being slightly negative. Furthermore, issuers are already applying for a spot-based ETF in the US, improving sentiment and the launch of these ETFs are likely to see Ethereum's share of flow recover in the second half of 2024.

01
02
03
04
05
06
07
08

01

02

03

04

05

06

07

08

The Price Impact of an ETF Launch

The big question now a Bitcoin spot ETF has been launched in the US and more recently in Hong Kong, is just how much inflows into ETFs this may prompt and what impact on price those flows may have. There does seem to be a relationship between inflows as a percentage of AUM and change in price. Inflows do appear to be coincident, the week the prices rise so do flows rather than one leading the other.

Ultimately, it is very difficult to ascertain just how big the potential wall of demand will be now a spot-based ETF has been launched. We know that it effectively diversifies a portfolio and enhances sharpe ratios, but regulatory approval and corporate acceptance are slow burn issues due to Bitcoin's perceived complexity. For this reason it may well take some time for corporations and funds to build up their knowledge and confidence before they decide to invest.

2024 Regulatory Outlook

As we reflect on the regulatory landscape of 2023 and prepare for the year ahead, the finance and cryptoassets sectors are bracing for significant shifts driven by a multitude of new regulations in a multitude of areas.

In the past year, regulatory bodies worldwide have been active in approving and discussing a plethora of regulatory measures aimed at enhancing market integrity, investor protection, and innovation.

With many of these regulations set to come into force in 2024, financial institutions and crypto asset service providers face the imperative of vigilant monitoring and adaptability.

The ability to swiftly navigate regulatory changes with agility will be paramount for ensuring compliance and capitalising on emerging opportunities. As we embark on this Annual Report Regulatory Outlook, we delve into the implications of these regulatory developments and explore strategies to navigate the evolving regulatory landscape.

European Union

In the forthcoming regulatory landscape of the European Union (EU), several key directives, regulations and refits are poised to impact the asset management and investment firm sectors, particularly within the digital assets, market infrastructures, and alternative investment funds industries.

The Markets in Cryptoassets Regulation (MiCA) is set to establish a comprehensive framework for regulating stablecoins and cryptoassets-related services. It aims to mitigate risks associated with market integrity, investor protection, and financial stability, fostering a transparent and safe environment for digital asset activities within the EU. The European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) are actively engaged in consultations regarding MiCA.

The Digital Operational Resilience Act (DORA) is expected to bolster the resilience of the financial sector against cyber threats and operational disruptions. By imposing requirements for IT systems, incident reporting, and cooperation among financial entities and authorities, DORA seeks to enhance the continuity and security of market infrastructures, ensuring the uninterrupted functioning of financial services.

The Alternative Investment Fund Managers Directive 2 (AIFMD 2) is anticipated to refine the regulatory framework governing alternative investment fund managers (AIFMs) and alternative investment funds (AIFs). Through enhanced supervision, risk management, and transparency measures, AIFMD 2 aims to further safeguard investors and promote the orderly development of the alternative investment fund industry within the EU.

The EU is also advancing its Anti-Money Laundering (AML) framework with a comprehensive package of measures. The proposed AML Package aims to strengthen the EU's defences against money laundering and terrorist financing by enhancing transparency, cooperation, and enforcement across member states. Key elements include the establishment of a new EU authority for AML supervision, harmonisation of AML rules, expanded access to beneficial ownership information, and increased scrutiny on high-risk third countries.

The EU Commission adopted a Retail Investment Strategy (RIS) that places the consumers' interests at the centre of retail investing. The aim is to empower retail investors to make investment decisions that are aligned with their needs and preferences, ensuring that they are treated fairly and duly protected. The impacted regulations include MiFID II (Markets in Financial Instruments Directive II), PRIIPs Regulation (Packaged Retail Investment and Insurance Products Regulation), and potentially other new regulatory frameworks such as MiCA and SFDR (Sustainable Finance Disclosure Regulation).

United States

Given the partisan divisions in Congress, 2023 did not see any significant crypto legislation move past its initial stages. Similarly, since 2024 is an election year, we are not expecting any significant crypto legislation to move forward this year.

There were however a number of significant pieces of litigation from the US which the world was watching. In particular, the prosecution (and now sentencing) of Sam Bankman-Fried (SBF) and the Department of Justice settlement with Binance and its CEO Changpeng Zhao (CZ) were seen as positive steps to cleaning up crypto.

Also of note was Grayscale being successful in its litigation against the Securities and Exchange Commission (SEC). This ultimately led to the exciting news in early January 2024 that the SEC had approved 11 spot Bitcoin exchange traded funds. It is also a possibility that the SEC may approve a spot ether ETF later in 2024.

United Kingdom

During 2023 the framework for the future regulation of crypto in the UK has started to take shape. The approach of the UK is to broadly bring cryptoasset activities within the current regulatory perimeter for existing financial services. A consultation and call for evidence on a Future Financial Services Regulatory Regime for Cryptoassets was issued by HM Treasury in February, with a final response document published in October 2023. During 2024 the UK Government is expected to introduce legislation to implement these proposals.

The UK also introduced new financial promotion rules for cryptoasset firms from 8 October 2023. These rules were designed to capture firms located in the UK, as well as firms outside the UK which were targeting UK consumers. The Financial Services and Markets Act 2000 (Financial Promotion) (Amendment) Order 2023 extended the financial promotions order applied to traditional financial instruments to cryptoassets marketing.

The UK also continued to build on its existing strong cryptoasset AML/KYC framework. On 1 September 2023 the UK joined a growing list of countries which have implemented the Travel Rule - a key recommendation from the Financial Action Task Force.

Jersey

In 2023, Jersey experienced significant levels of legislative and regulatory activity as it prepared for the Moneyval Assessment in October 2023. The final report for the assessment is currently being drafted and will be published after the Plenary of FATF in July 2024.

As well as updating the Proceeds of Crime (Amendment No. 6) (Jersey) Order 2022 (Amendment No. 6) coming into force in January 2023, the Government of Jersey also updated the EU Legislation (Information Accompanying Transfer of Funds) (Jersey) Regulations 2017 (Wire Transfer Regulations) in September 2023.

In 2024, the Government of Jersey will be releasing a National Risk Assessment of Money Laundering, Terrorist Financing and Proliferation Financing – Virtual Asset Service Providers. This will replace the National Risk Overview published in 2022.

The Jersey Financial Services Commission ("JFSC") released its Business Plan for 2024 and it is, to a large part, a continuation of the work started in 2021 with a continued focus on:

- Facilitating Business Integrity.
- Harnessing technology and influence the digitalisation of financial services.
- Developing the JFSC's staff, systems and its capability to be a high performing organisation.

Of particular note will be the JFSC's focus on examining conduct and prudential strategies of Regulated firms in 2024 and the development of a digital beneficial ownership register by the Registry.

The JFSC will be focusing on Politically Exposed Persons (PEPs) for its thematic examination in Q1 and Q2 2024 but no further information has been provided at the point of publication.

01
02
03
04
05
06
07
08

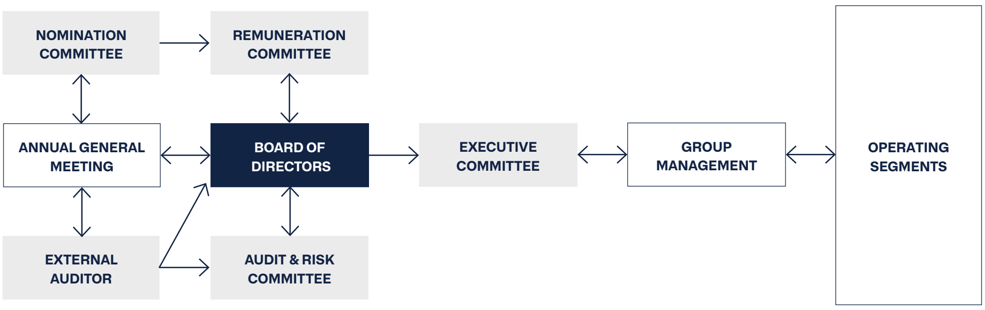
CORPORATE GOVERNANCE REPORT

This Corporate Governance Report has been prepared in accordance with the Swedish Corporate Governance Code (the “Code”).

The Board of Directors is responsible for the Corporate Governance report. The Corporate Governance report for the financial year has been reviewed by the company’s auditor, as described in the “Auditor’s report on the corporate governance statement”.

CoinShares International Limited is a Jersey, public limited liability company whose shares are listed for trading on Nasdaq Stockholm. The Corporate Governance framework for CoinShares International Limited is grounded in the Company’s Articles of Association, Companies (Jersey) Law 1991, as amended, the Code, Nasdaq’s Nordic Main Market Rulebook for Issuers of Shares (the “Main Market Rulebook”), and the Company’s internal rules and guidelines. The internal rules and guidelines include primarily the Board’s rules of procedure, the CEO’s instructions and the finance manual, in addition to a wide range of policies.

In addition, CoinShares International Limited has a number of policy documents and manuals, including the Code of Conduct, the Corporate Governance Policy, the Insider Policy, and the Information and Communication Policy, as well as other internal rules and recommendations that include principles and provide guidance in the company’s operations and for its employees. The above-mentioned governance documents are evaluated and adopted yearly by the Board of Directors. The requirements arising from CoinShares International Limited’s shares being listed for trading on Nasdaq Stockholm include the compulsory adoption of a corporate governance code and the company has chosen to adhere to the Code. The guidelines of the Code are available on the Swedish Corporate Governance Board’s website (www.bolagsstyrning.se). The Code is based on the “comply or explain” principle, entailing that companies that apply the Code may depart from individual rules as long as they provide an explanation for the departure. As at the date of this Corporate Governance Report, the Company has complied with the Code.



The Group’s statutory auditor is elected by the AGM to audit the Group’s annual report and accounting practices as well as the Board’s and CEO’s administration, and the company’s internal control environment.

The Nomination Committee proposes resolutions ahead of the AGM regarding issues concerning election of directors and fees and drafts a proposal for resolution that is presented to the AGM. The AGM resolves on principals for the appointment of the Nomination Committee.

The Board establishes its committees and determines which of its members are to serve on the respective committees. The Audit & Risk Committee and the Remuneration Committee report to the Board of Directors.

01
02
03
04
05
06
07
08

CORPORATE GOVERNANCE

The diagram above describes how corporate governance is organised. CoinShares International Limited is a Jersey limited liability company whose shareholders ultimately decide on the company's governance by electing the company's board of directors at the Annual General Meeting. The Board, in turn, has continuing responsibility for ensuring that corporate governance of the company is in compliance with laws and other external and internal rules and regulations.

INTERNAL GUIDELINES

The Group's internal guidelines comprise its Articles of Association, the Board's Rules of Procedure, the CEO's instructions, the financial manual, strategies and policies, and processes for internal control and governance.

EXTERNAL GOVERNANCE INSTRUMENTS

Companies (Jersey) Law 1991, the Swedish Annual Accounts Act, the Main Market Rulebook, the Code and other relevant laws.

SHAREHOLDERS

As of 31 December 2023, CoinShares International Limited had 3,450 shareholders. The ten largest shareholders as of 31 December 2023 had ownership corresponding to 87.37% of the votes and share capital. The number of unique shareholders with a holding of 5% or more in the company was five (5).

Shareholders	Shares	Ownership
Daniel Masters	14,764,760	21.71%
Mognetti Partners Limited	11,876,609	17.46%
Russell Paul Newton	8,096,078	11.90%
Alan Howard	7,913,040	11.63%
Adam Levinson	3,896,618	5.73%
Paul Davidson	3,200,000	4.70%
Dwight Anderson	2,783,576	4.09%
Meltem Demirors	2,778,020	4.08%
Vitruvius Limited	2,566,213	3.77%
Horseferry Trading Pte Limited	1,550,604	2.28%
Total 10 largest shareholders	59,425,518	87.37%
Total other	8,588,253	12.63%
Total number of shares	**68,013,771**	**100%**
Number of share options in issue	3,687,944	5.14%
Total diluted share capital	**71,701,715**	**100%**

SHARE CAPITAL AND VOTING RIGHTS

According to the Articles of Association in effect at the end of the financial year, the share capital of the company shall be no more than £99,000 divided into 200,000,000 Ordinary Shares in a single share class. The company's registered share capital as of 31 December 2023 was £33,666.82, divided among 68,013,771 Ordinary Shares. The shares, which are denominated in GBP, had a share price of £0.000495. Each share carries entitlement to 1 vote. Every person entitled to vote at general meetings of the shareholders may vote for the full number of shares owned and represented by him or her without restriction in voting rights.

GENERAL MEETINGS

The general meeting is the ultimate decision-making body of the company. At the general meeting, the shareholders exercise their voting rights on key issues, such as the adoption of income statements and statements of financial position, appropriation of the company's results, election of members of the Board of Directors and auditors and remuneration to the Board of Directors and the auditors.

The annual general meeting ("AGM") must be held within six months from the end of the financial year. In addition to the AGM, extraordinary general meetings may be convened. As permitted under article 38. Notices of the Articles of Association, general meetings are convened by publication of the notice convening the meeting on the company's website and via a press release.

Notice of general meetings
According to the current Articles of Association, notice of general meetings shall be made:
- through a relevant system, where the notice or document relates to uncertificated shares;
- by giving it by electronic communication to an address for the time being notified to the Company by the Shareholder concerned for that purpose; and
- by making it available on the Company's website and publishing a press release.

Notice of the annual general meeting and extraordinary general meeting where an amendment of the articles of association will be considered shall be given no earlier than six weeks and no later than four weeks prior to the general meeting. Notice of other extraordinary general meetings shall be issued no earlier than six weeks and no later than three weeks before the general meeting.

Right to participate in a general meeting
Those shareholders who wish to participate in a general meeting must:
1. be recorded in the share register kept by Euroclear Sweden AB on the record date, being ten clear days prior to the general meeting; and
2. notify the Company of their intention to participate no later than on the date set out in the notice of the general meeting.

In addition to notifying the company, shareholders whose shares are registered under a nominee through a bank or other nominee must request that their shares be temporarily registered in their own names in the share register ten clear days prior to the general meeting in order to be entitled to participate in the general meeting. Shareholders should inform their nominees well in advance of the record date. Shareholders may attend general meetings in person or by proxy.

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

Annual General Meeting – 2022 Financial Year
The Annual General Meeting (AGM) for the 2022 financial year was held on 31 May 2023 in the form of a virtual event without the physical presence of the shareholders or their proxies.

The AGM resolved the following:
- *that the consolidated statement of comprehensive income and consolidated statement of financial position;*
- *to re-elect Daniel Masters, Jean-Marie Mognetti, Carsten Køppen, Johan Lundberg, Christine Rankin and Viktor Fritzén as members of the Board;*
- *to re-elect Daniel Masters as the Board Chairman;*
- *to re-elect Baker Tilly Channel Islands Limited as the company's auditors;*

- *that the remuneration of the auditor shall be set at the discretion of the Board; and*
- *that the board be authorised to repurchase and transfer the Company's own shares in accordance with the proposal presented to the AGM.*

GENERAL MEETING – 2023 FINANCIAL YEAR

CoinShares International Limited's Annual General Meeting for the 2023 financial year will be held virtually on 31 May 2024. Further information is provided at www.coinshares.com under the section for Investor Relations.

NOMINATION COMMITTEE

According to the Code, companies that adhere to the Code shall appoint a nomination committee. CoinShares International Limited's Nomination Committee, which is made up of representatives of the largest shareholders, has been formed in accordance with the guidelines approved by the 2021 AGM. The Nomination Committee is tasked with submitting recommendations for the Chairman of the Board and other board members, directors' fees and other fees for directors' work on the Board, the election of the auditor and the auditor's fees, and with evaluating the Board's work. In the course of its work, the Nomination Committee applied Rule 4.1 of the Code as the Board's diversity policy. Diversity is an important factor in the Nomination Committee's nomination work and the Nomination Committee shall continuously strive for diversity regarding the competence, experience and background of the Board's members.

The Nomination Committee's recommendations are reported in the AGM notice. CoinShares International Limited's Nomination Committee shall be composed of four members, of whom three shall represent the Company's largest shareholders, and the fourth shall be a representative of the Board. Regardless of how the Nomination Committee members are appointed, they shall safeguard the shareholders' interests.

The members of the Nomination Committee are appointed in a procedure whereby the Chairman of the Board – as soon as possible after the end of the third quarter – contacts the three largest shareholders as at the end of August. The Chairman of the Board shall never serve as the chair of the Nomination Committee. The composition of the Nomination Committee is publicly announced through a press release as soon as the members have been appointed, but not later than six months prior to the AGM.

Based on the above, the Nomination Committee ahead of the 2023 AGM was appointed and consists of the following persons, who together represent approximately 51.07% of the number of votes and shares in the Company as per 31 August 2023:

- *Michael Carlton, appointed by Daniel Masters*
- *Jean-Frédéric Mognetti, appointed by Mognetti Partners Limited*
- *Paul Davidson, appointed by Russell Newton*
- *Johan Lundberg, representative of the Board*

BOARD COMPOSITION AND DIRECTORS' INDEPENDENCE

According to the Articles of Association, the Board shall be composed of three to ten members. The Articles of Association state that the shareholders may, by Ordinary Resolution, appoint any person or remove any Director from office. The Board is comprised of six directors, each of whom were elected at the AGM on 31 May 2023 for the terms until the end of the 2023 AGM. Jean-Marie Mognetti, CEO, is a member of the Board. Other CoinShares executives participate at board meetings in a reporting role on specific matters. According to the Code, a majority of the directors shall be independent in relation to the Group and its management, which the company meets.

RESPONSIBILITIES AND WORK OF THE BOARD

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

During the year, the Board held 6 meetings. The Board's work during the year was focused particularly on the company's strategy, including the integration of acquired operations, positioning, financing, culture, and the company's development and expansion.

Committees

The Board of CoinShares International Limited has established two committees – an audit & risk committee and a remuneration committee.

Audit & Risk Committee ("ARC")
The Audit & Risk Committee was formally established on 29 November 2021. The Audit & Risk Committee is tasked with providing a special forum for the work with financial reporting, internal control, risk management and auditing, and advises the Board of Directors in these areas. The members of the Audit & Risk Committee are Carsten Køppen, Viktor Fritzén and Christine Rankin, who is also the committee chair. The main duties of the Audit & Risk Committee is are to monitor the Group's financial reporting and to oversee the effectiveness of the company's internal controls and risk management. In addition, the Audit Committee is tasked with staying informed about the audit of the annual report and consolidated accounts, reviewing and overseeing the auditor's impartiality and independence, and in this context paying particular attention to whether the auditor provides other services to the Group than auditing services.

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

The Audit & Risk Committee held 7 meetings in 2023.

Remuneration Committee
The Remuneration Committee was formally established on 29 November 2021. The members of the Remuneration Committee are Carsten Køppen, Johan Lundberg (appointed 31 May 2023) and Daniel Masters, who is also the committee chair. Christine Rankin was previously a member of and resigned from the Remuneration Committee effective 31 May 2023. The Remuneration Committee has an advisory and a drafting function. Its main duties are to conduct preparatory work for the Board's decisions on matters concerning remuneration principles, remuneration and other terms of employment for members of the Executive Management Committee, monitoring and evaluating application of the guidelines for remuneration of senior executives approved by the AGM as well as applicable remuneration structures and remuneration levels in CoinShares.

The Remuneration Committee held 2 meetings in 2023.

Evaluation of the Board's work

The Board's work is evaluated yearly through a systematic, structured process that aims among other things to produce constructive documentation for improvements in the Board's own work. The evaluation is conducted both individually and through discussions at board meetings. The evaluation aims to give the Chairman of the Board information on how the board members perceive the Board's effectiveness and collective competence as well as on whether there are any needs for changes on the Board. The Chairman of the Board informs the Nomination Committee about the results of the evaluations.

Directors' fees

Total remuneration paid to the directors for 2023 was £325,000, including remuneration for committee work. Please note this does not include remuneration paid to the CEO. Details on CEO remuneration can be found in the 2023 Remuneration Report.

INTERNAL CONTROL AND RISK MANAGEMENT

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

The internal Control and Risk Management Framework is focused on the areas described below:

Governance and Oversight

In 2022 CSIL adopted a Minimum Internal Control Framework ("MICF"), this allowed all CoinShares entities to identify the current controls maintained by the group in relation to the risks identified in the Business Risk Assessments that were drafted and adopted in July 2022. The areas covered off were –

- Strategy and Business Planning
- Governance
- Compliance and Legal
- Capital market Trading
- Products and performance Monitoring
- Investments
- HR
- Finance
- Information Technology and Information Security
- Communication

The MICF provides the Group with a formalised framework to assist with the safeguarding of assets and to ensure that the strategic objectives of the group are set in such a way as to be fully cognisant of any associated risks and the requisite control resourcing being in place.

Roles and Responsibilities

To support the Board the composition, reporting and timetabling of meetings for the Audit and Risk Committee ("ARC"), Risk and Compliance Committee ("RRC") and Operations Management Committee ("OMC") have been reviewed and adjusted as appropriate. Key discussions from the RRC and OMC are shared regularly with the ARC. Throughout the year the rollout of a new Risk Management platform has progressed to move the Business Risk Assessments into a centralised resource.

Risk identification and Assessment

With the adoption of the new centralised resource to manage the MICF and BRAs for the group this has augmented the systemic approach to risk management within the group. It allows for annual updates to the risk assessments and framework, notwithstanding that each document is a 'living document' that is also updated due to applicable trigger events. The assessment of risks follows the standard process of identifying risks that are inherent, the controls are then assessed and the residual risk is then recorded.

Reporting and Communication
As noted above reporting on risks is a key element of committee reporting up to the applicable CoinShares Boards.

Mitigation Strategies
The Group has a variety of systems and controls in place that allow for the ongoing monitoring of all of its digital asset holdings and positions with each of its counterparties. Internal reports are generated automatically every 10 minutes (increased to every minute during periods of significant volatility) and provided to the relevant members of CoinShares Asset Management and CoinShares Capital Markets responsible for hedging and trading activities of the Group.

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

The counterparty risk of the Group is further mitigated by the fact that the majority of the Group's physical asset holdings are in custody with Komainu Jersey and Zodia Custody, regulated custodians and depositaries specialising in digital assets.

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

Maintaining the integrity of its technical architecture is an ongoing priority and focus of the CS Group's executive leadership tests, and, in this regard, the CS Group ensures the undertaking of regular external reviews and penetration tests whilst also ensuring that its infrastructure is monitored in real-time by state-of-the-art security monitoring systems. Further, the CS Group's cloud-based network is segregated and tied back to physical premises and remote workstations using best-in-class encryption technology. All data stored on CS Group servers and file stores are fully encrypted at rest and in transit.

The Group's latest annual independent cyber-security review described the Group's security profile as "very strong" and "highly secure". At the same time, the Group has maintained ISO/IEC 27001 certification since 2019 (the auditable, international standard for Cyber Security), evidencing adherence to a "best-practice" approach to managing information security by addressing people and processes as well as technology.

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

The group continues to leverage technology to assist the risk management and compliance functions by the use of a new Compliance Management Tool and the continued use of automated monitoring tools from external providers in Jersey. A policy of 'continuous improvement' has been adopted to ensure that the group looks to having the most effective policies and technological solutions in place to mitigate the risks it faces in its day to day operations whilst also planning for future activities.

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

01
02
03
04
05
06
07
08

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

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

- the anti-money laundering, countering of terrorism financing and proliferation financing control framework and associated staff training;
- regular testing of the Group's control framework;
- liaising with the Group's various external regulatory bodies;
- undertaking the role of Money Laundering Reporting Officer, Money Laundering Compliance Officer and Compliance Officer as required; and
- regular reporting/communication of Compliance and risk matters to the monthly Risk & Compliance Committee and to the relevant Boards.

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

The Third Line of Defence – external financial audit and other specialist audit work;
The Group relies upon both the annual financial audit process in addition to more focused specialised external audit work, undertaken on parts of the business, for example, the work undertaken previously by Armanino and now by The Network Firm.

Information Dissemination and Transparency
Due to various jurisdictions within which the Group operates, and the variety of activities undertaken across the Group it is essential that information is disseminated in a timely and consistent manner. To facilitate this, various committees are in place with meetings held on a regular basis to encourage the information generated by the Group's control environment to be disseminated accordingly. Each committee has documented terms of reference and all relevant information from those committees is regularly reported to the appropriate boards.

The dissemination of information is not only a focus of the Group internally, but also externally to the Group's stakeholders, be they regulators, auditors, existing or prospective clients. As such, an external assurance report is issued on a daily basis which evidences the quantum of hedging assets (held in accordance with the terms of the CMA) being in excess of the liability arising from the issuance of XBT products. The report is prepared by the Network Firm, a third party service provider. Any of the Group's stakeholders can download the report from https://etp.coinshares.com/proof-of-reserves. The work performed by The Network Firm is independent from the Group's internally generated reports on digital asset holdings, thus providing an additional level of comfort and accompanying third party opinion.

CEO AND SENIOR EXECUTIVES

The CEO is responsible for the day-to-day administration of the Group in accordance with applicable laws and regulations, and the instructions and strategies established by the Board of Directors. The CEO ensures that the Board receives the information required for the Board to be able to make well-grounded decisions, and monitors compliance with the goals, policies and strategy plans for CoinShares that are set by the Board of Directors. The CEO is also responsible for ensuring that the Board is provided with satisfactory information about the Group's development between regular board meetings. The CEO leads the work of the Executive Management Committee, which is responsible for the overarching business development. In addition to the CEO, the Executive Management Committee included six senior executives as of 31 December 2023: the Chief Financial Officer, the Group General Counsel, Head of Asset Management, Head of Quantitative Research & Development, Head of Marketing & Communications and Head of Hedge Fund Solutions.

Remuneration of the CEO and senior executives
Remuneration of the CEO and other senior executives may consist of a fixed cash salary, discretionary bonus, other customary benefits and pension. The combined yearly cash remuneration shall be in line with the going rate in the market and geographic area in which the executive is stationed, and shall be commensurate with the individual's qualifications and experience. By other senior executives is meant the six persons who, together with the CEO, make up the Executive Management Committee. The guidelines for remuneration of the senior executives include, among other things, principles for the relationship between fixed salary, pension benefits, and limitations regarding severance pay and fixed salary during notice periods. Individual remuneration of the CEO and the individual remuneration of other senior executives are approved by the Board of Directors based on recommendations made by the Remuneration Committee.

AUDITOR

At the Annual General Meeting on 31 May 2023 it was resolved to elect the chartered accounting firm Baker Tilly Channel Islands Limited as auditor of the company for a term until the end of the 2023 AGM. Ewan Spraggon was appointed auditor-in-charge. Ewan Spraggon is a Member of the Insitute of Chartered Accountants of Scotland and Fellow of the Institute of Chartered Accountants of England and Wales.

EXTERNAL AUDIT

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

BOARD OF DIRECTORS

Daniel Masters

Assignments and year elected
Born 1963, Chairman of the Board since 2008. Chair of the Remuneration Committee.
Education, professional experience and previous assignments
Daniel holds a Bachelor of Science (Honours) in Physics from Exeter University and a Master's degree in Management Science and Operational Research from Imperial College, London.
Daniel has more than 30 years of experience in energy trading. He was, among other things, the Head of Global Energy Trading for Morgan Guaranty Trust Company (MGT), oversaw several of the trading and risk management functions at the Energy Division of Salomon, Inc., was involved in the establishment of the natural gas and electricity markets in the UK, completed some of the first forward contracts for electricity and was one of the first and most active participants in the market for Contracts for Difference in Europe.
Other current assignments
Director of CB Limited; Director of CommerceBlock Limited; Director of CommerceBlock Holding Limited; Director of CommerceBlock Limited; Director and Shareholder of Crypto Composite Limited; Director and Shareholder of Satoshipay Limited; Council Member of Tezos Foundation.
Non-Executive Director's fee (yearly)
Salary - £125,000
Bonus - £Nil
Buy-out payment - £225,000
Benefits in kind - £12,500
Fee for committee work
Included within Director's fee.
Independent in relation to the company and Group management
No. Daniel Masters was employed by the Company until 29 November 2021.
Independent in relation to major shareholders
No.

Own and related parties' shareholdings as per 31 December 2023
14,764,760 ordinary shares.
Attendance at board meetings
7 of 7 possible.
Attendance at Remuneration Committee meetings
2 of 2 possible.

Jean-Marie Mognetti

Assignments and year elected
Born in 1984, Board member since 2014. Member of the Executive Management Committee.
Education, professional experience and previous assignments
Jean-Marie holds a Master's degree in Mathematical Trading and Finance from Sir John Cass Business School.
Jean-Marie is an experienced commodities trader with a background and expertise in quantitative analysis, risk management and alpha-generation through macro commodity-oriented programs, including cryptocurrencies. Prior to joining CoinShares, Jean-Marie was a quantitative strategist with Hermès Commodities Fund Managers.
Other current assignments
Council Member of the Aventus Protocol Foundation; Director of FlowB Holding Switzerland SA; Director of FlowBank SA; Director of JFM & FK Management Services; Director and Shareholder of Mognetti Partners Limited; Director of Komainu Holdings Limited; Director of Tactiques D'avant-Garde (Jersey) Limited.
Fee for committee work
Not applicable.
Independent in relation to the company and Group management
No.
Independent in relation to major shareholders
No.
Own and related parties' shareholdings as per 31 December 2023
11,876,609 ordinary shares and 618,356 share options.
Attendance at board meetings
7 of 7 possible.

Carsten Køppen

Assignments and year elected
Born in 1964, non-executive Board member since 2020. Member of the Remuneration Committee, member of the Audit & Risk Committee.
Education, professional experience and previous assignments
Carsten holds a Diploma in Banking from the Danish School of Banking.
Carsten has 40 years of experience in financial services, including stock exchange equity trading, investment advisory, capital market debt and fixed income, alternative asset management and asset servicing. He is a specialist in corporate governance and best practices within the alternative investment fund industry, and is also, among other things, independent, regulated non-executive director and Member of the Board to various alternative investment structures and managers.
Other current assignments
Director of Triton Managers Limited; Director of Triton Managers II Limited; Director of Triton Managers III Limited; Director of Triton Managers IV Limited; Director of Triton Managers V Limited; Director of Triton Smaller Mid Cap General Partner Limited; Director of Triton Debt Opportunities Managers Limited; Director of Triton Debt Opportunities Managers II Limited; Director of Triton Managed Account General Partner Limited; Director of Octopus Alternative Investment Fund Management Limited; Council Member of the Aventus Protocol Foundation.

01
02
03
04
05
06
07
08

Director's fee (yearly)
£50,000
Fee for committee work
Included within Director's fee.
Independent in relation to the company and Group management
Carsten held a non-executive directorship position on the Board of CoinShares (Jersey) Limited, a Group Company, until the end of November 2021.
Independent in relation to major shareholders
Yes.
Own and related parties' shareholdings as per 31 December 2023
9,750 ordinary shares.
Attendance at board meetings
7 of 7 possible.
Attendance at Audit Committee meetings
7 of 7 possible.
Attendance at Remuneration Committee meetings
2 of 2 possible.

<u>**Johan Lundberg**</u>

Assignments and year elected
Born in 1977, non-executive Board member since 2020. Member of the Nomination Committee.
Education, professional experience and previous assignments
Johan holds an MBA in Finance from Stockholm School of Economics; MBA in International Strategy from Stockholm University.
Johan is a founding partner of NFT Ventures, an early- and growth-stage fund founded in 2014 to capture the opportunity in transformation of banking and financial services.
Other current assignments
Chairman of Betsson AB; Chairman of Alfa Kraft Fonder AB; Chairman of Barcelona Opportunity AB (publ); Chairman of Barcelona Development Corporation AB; Chairman of NFT Growth 2 AB; Director and CEO of NFT Growth Partners AB (publ); Director and CEO of Investment AB Stentulpanen; Director and CEO of AB Stentulpanen Försäkringar; CEO of Stenbuketten Invest AB; CEO of Investment AB Vildtulpanen; Director of Svolder AB; Director of Loomis AB; Director of Wakakuu AB; Director of Contemporary Wines Sweden AB (publ); Director of Pensa Sverige AB; Director of MR Cake AB; Director of MR Cake Göteborg AB; Director of MR Cake retail AB; Director of MR Cake Holding AB; Director of Stentulpanen Fastigheter Smedby AB; Director of Fastighets AB Stentulpanen Stockholm; Director of Stentulpanen Fastigheter i Kalmar & Öland AB; Director of Fastighets AB Stentulpanen; Director of Kapitalförvaltnings AB Stentulpanen; Director of Nordic Collection AB; Director of NFT Ventures AB; Director of NFT Ventures 1 AB; Director of NFT Ventures 2 AB; Director of NFT Ventures CV 1 AB; Director of NFT Ventures Invest AB; Director of Purslane Ventures AB; Director of Ölands Bank AB; Director of Roy Fares AB; Director of SoliFast Holding AB; Director of Global Fintech Industries AB.
Director's fee (yearly)
£50,000
Fee for committee work
Included within Director's fee.
Independent in relation to the company and Group management
Yes.
Independent in relation to major shareholders
Yes.
Own and related parties' shareholdings as per 31 December 2023
2,500 ordinary shares.

01
02
03
04
05
06
07
08

Attendance at board meetings
7 of 7 possible.
Attendance at Remuneration Committee meetings
1 of 2 possible.

Christine Rankin

Assignments and year elected
Born in 1964, non-executive Board member since 2021. Member of the Remuneration Committee; member of the Audit & Risk Committee.
Education, professional experience and previous assignments
Christine holds a Bachelor in Business Administration and Economics from Stockholm University.
Christine is a former Partner at PWC and has held positions of trust at several organisations including Veoneer Inc, Spotify, NASDAQ and Cherry AB.
Other current assignments
Director and audit committee chair of 4C Group AB; Director and audit committee chair of Bonesupport AB; Director of Orexo AB; Director and audit committee chair of Starbreeze AB (publ).
Director's fee (yearly)
£50,000
Fee for committee work
Included within Director's fee.
Independent in relation to the company and Group management
Yes.
Independent in relation to major shareholders
Yes.
Own and related parties' shareholdings as per 31 December 2023
N/A.
Attendance at board meetings
7 of 7 possible.
Attendance at Audit Committee meetings
7 of 7 possible.
Attendance at Remuneration Committee meetings
1 of 2 possible.

Viktor Fritzén

Assignments and year elected
Born in 1985, non-executive Board member since 2021. Member of the Audit & Risk Committee.
Education, professional experience and previous assignments
Viktor holds a Master in Finance from the Stockholm School of Economics.
Viktor previously held analyst positions at Goldman Sachs and GP Bullhound and was CFO of LeoVegas AB.
Other current assignments
Chairman of Appjobs Sweden AB; Director of Beyond Zebra; Director of Cithara BidCo AB; Director of Cithara HoldCo AB; Chairman of StickerApp Holding AB; Director of Safello AB.
Director's fee (yearly)
£50,000
Fee for committee work
Included within Director's fee.
Independent in relation to the company and Group management
Yes.

Independent in relation to major shareholders
Yes.
Own and related parties' shareholdings as per 31 December 2023
40,100 ordinary shares.
Attendance at board meetings
7 of 7 possible.
Attendance at Audit Committee meetings
7 of 7 possible.

GROUP MANAGEMENT

01
02
03
04
05
06
07
08

Jean-Marie Mognetti
Group Chief Executive Officer

Education, professional experience and previous assignments
As disclosed above
Other current assignments
As disclosed above
Own and related parties' shareholdings as per 31 December 2023
As disclosed above
Attendance at Executive Management Committee meetings
13 of 13 possible.

Richard Nash
Chief Financial Officer

Education, professional experience and previous assignments
Richard holds a Master's degree in Sinology from the School of Oriental and African Studies, University of London.
Richard has 13 years of experience in chartered accounting. Richard joined CoinShares from Cairn Financial Advisers where he acted as Nominated Adviser to a number of listed companies, holding the status of Qualified Executive (as granted by the London Stock Exchange). Richard was formerly part of the RSM UK Capital Markets Team, where he acted as reporting accountant to a number of listings.
Other current assignments
N/A.
Own and related parties' shareholdings as per 31 December 2023
900 ordinary shares and 204,423 share options.
Attendance at Executive Management Committee meetings
13 of 13 possible.

Graeme Dickson
Group General Counsel

Education, professional experience and previous assignments
Graeme holds a Master's degree (Honours) in International Relations from University of St. Andrews and Post Graduate Diploma in Law from the University of Law.
Graeme has 14 years of experience as an English qualified solicitor. He joined CoinShares from Aviva Plc. where he held the position of Senior Legal Counsel. Prior to that he held positions at Linklaters, White & Case, Bank of America and Standard Bank.
Other current assignments
N/A.

Own and related parties' shareholdings as per 31 December 2023
169,114 share options.
Attendance at Executive Management Committee meetings
13 of 13 possible.

Frank Spiteri
Head of Asset Management

Education, professional experience and previous assignments
Frank has over 10 years of experience as an ETP specialist, joining CoinShares after previously working as the former Head of Distribution and Capital Markets at WisdomTree. Prior to specialising in ETPs, he spent 11 years working as a trader with KBC Financial Products.
Other current assignments
N/A
Own and related parties' shareholdings as per 31 December 2023
401,671 ordinary shares and 1,149,995 share options.
Attendance at Executive Management Committee meetings
12 of 13 possible.

Pierre Porthaux
Head of Quantitative Research & Development

Education, professional experience and previous assignments
Pierre has close to 20 years' experience in finance in both traditional markets and cryptocurrencies. Prior to CoinShares, Pierre co-founded Blockchain Solutions, a technology and strategy consulting company, and Emergence Labs, specialised in Bitcoin trading technology, both located in Paris. Previously, Pierre was a trader undertaking statistical and index arbitrage strategies for banks and hedge funds such as Nomura, Millennium Partners, Dresdner Kleinwort and Natixis.
Other current assignments
N/A
Own and related parties' shareholdings as per 31 December 2023
170,030 share options.
Attendance at Executive Management Committee meetings
10 of 13 possible.

Benoît Pellevoizin
Head of Marketing & Communications

Education, professional experience and previous assignments
Benoît graduated from the Celsa Sorbonne Université (Grande Ecole of Communications & Journalism) and the Hasso Plattner Institute School of Design Thinking. Benoît has over 15 years of experience in developing marketing, communications, advertising and branding. He joined CoinShares from the leading crypto hardware firm Ledger. Prior to that he has held positions involving strategy, branding and innovation with Ogilvy Consulting, SID LEE, M&C Saatchi, Fred & Farid and Digitas.
Other current assignments
N/A
Own and related parties' shareholdings as per 31 December 2023
40,000 share options.
Attendance at Executive Management Committee meetings
12 of 13 possible.

Meltem Demirors
Head of Strategy
(resigned from Executive Management Committee 31 December 2023)

Education, professional experience and previous assignments
Meltem holds a Bachelor's degree in Mathematical Economics from Rice University and an MBA with a focus on Finance and Innovation from Sloan School of Management, Massachussetts Institute of Technology (MIT).
Meltem has prior experience in the oil and gas industry in trading, corporate treasury and M&A roles. She helped build and grow the Digital Currency Group, managing a portfolio of 120 companies and 4 subsidiaries, is a founding member of the World Economic Forum Blockchain Council, and teaches at MIT as well as Oxford.
Other current assignments
Advisor to Shyft Network; Advisor to Metaplex Foundation; Director of Stacks Foundation; Director of Compass Mining Inc (Representing CoinShares Group); Director of Mintgreen Blockchain Innovation Corporation (Representing CoinShares Group); Director of Choice FinTech Holdings (previously Kingdom Trust)(Representing CoinShares Group); Director of Ejara (Representing CoinShares Group); Director of 3iQ Corp (Representing CoinShares Group); Director of The Topps Company, Inc.; Advisor to Blockdaemon; Advisor to Casa; Managing Member of Shiny Pony LLC; Programme Director at Oxford Saïd Business School.
Own and related parties' shareholdings as per 31 December 2023
2,778,020 ordinary shares and 422,125 share options.
Attendance at Executive Management Committee meetings
6 of 13 possible.

Lewis Fellas
Head of Hedge Fund Solutions
(joined the Executive Management Committee effective 31 December 2023)

Education, professional experience and previous assignments
Lewis holds Bachelor and Master's degrees in Chemistry from the University of Reading and an MBA from Cambridge Judge Business School. Lewis is a veteran asset manager with over 23 years of experience gained at JPMorgan London, hedge funds in Hong Kong and the Harvard Endowment in Boston. Lewis has 7 years experience in Crypto having founded one of the earliest Crypto funds, Bletchley Park, in 2017.
Other current assignments
Director of Spring IM Limited.
Own and related parties' shareholdings as per 31 December 2023
300 ordinary shares.
Attendance at Executive Management Committee meetings
N/A

SHARES, SHAREHOLDERS AND SHARE CAPITAL

GENERAL INFORMATION

CoinShares International Limited was listed on Nasdaq Stockholm in December 2022. According to the company's Articles of Association, the share capital of the company shall be no more than £99,000 divided into 200,000,000 Ordinary Shares in a single share class. The company's registered share capital as of 31 December 2022 was £33,666.82, divided among 68,013,771 Ordinary Shares.

The shares, which are denominated in British pounds (GBP), had a share price of £0.000495. The company's shares have been issued in accordance with Jersey law. All issued shares are fully paid for and freely transferable. The company's shares are listed on the regulated multilateral trading facility, Nasdaq Stockholm, and the ISIN code for CoinShares International Limited's shares is JE00BLD8Y945. The company's shares are not the subject of any offer that has been made as a result of a mandatory bid, redemption right or redemption obligation. Nor has any public takeover offer been made for the shares during the current or preceding financial years.

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

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

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

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

DIVIDEND AND DIVIDEND POLICY

General
All shares carry equal entitlement to a share in the company's profits and to the company's assets and any surpluses in the event of liquidation. Resolutions regarding dividends in limited liability companies are made by a general meeting of shareholders or by the Directors if justified by the profits of the Company.

Entitlement to dividends accrues to those who, on the record date resolved by a general meeting of shareholders or the Directors, are registered in the shareholder register maintained by Euroclear Sweden as holders of shares. Dividends are normally paid to the shareholders as a cash amount per share through Euroclear Sweden, although they may also be paid in a form other than cash (in-kind dividend). If a shareholder cannot be reached through Euroclear Sweden, the shareholder will continue to have a claim against the company for the dividend amount for a period that is limited by rules concerning a ten-year statute of limitation. After expiration of this limitation period, the dividend amount accrues to the company. There are no restrictions on dividend rights in respect of shareholders who reside outside Sweden.

Dividend policy
Following the financial year end, the Company announced the adoption of a dividend policy.

The policy stipulates that the annual dividend payment will be between 20% and 40% of the Group's annual total comprehensive income, excluding currency translation differences.

The annual dividend payment will be made payable in SEK in four quarterly instalments via the Euroclear Sweden settlement system, subject to an assessment by the Board of the financial health and cash requirements of the Group prior to each payment being made, in accordance with Jersey law.

CENTRAL SECURITIES DEPOSITORY

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

CONVERTIBLES, WARRANTS, AUTHORISATIONS TO ISSUE SECURITIES, ETC.

Incentive programs

In accordance with the Articles of Association, the Board of Directors is authorised, in three years from the date of adoption of the Articles of Association (20 June 2022), to issue share options that do not, in aggregate, exceed 15% of the total number of outstanding ordinary shares. The employee incentive program ("EIP") is governed by general terms and conditions and individual share option agreements with the holders of share options.

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

Share Options issued under the EIP - November 2020

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

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

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

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

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

01
02
03
04
05
06
07
08

Share Options issued under the EIP – March 2021

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

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

Share Options issued under the EIP – April 2021

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

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

Share Options issued under the EIP – March 2022

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

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

Share Options issued under the EIP – June 2022

On 8 June 2022, the Board resolved to grant a key employee a total of 40,400 share options. The following terms apply to all 40,400 share options:

- vesting date of 1 March 2025;
- each share option gives the shareholder the right to subscribe for one ordinary share in the company;
- the share options were issued free of charge; and
- the subscription price (strike price) for each ordinary share amounts to SEK 114.0

Share Options issued under the EIP – March 2023

On 20 February 2023, the Board resolved to grant key employees a total of 448,000 share options. The following terms apply to all 448,000 share options:

- vesting date of 20 March 2026;
- each share option gives the share option holder the right to subscribe for one ordinary share in the company;
- the share options were issued free of charge; and
- the subscription price (strike price) for each ordinary share amounts to SEK 31.0.

Share Options issued under the EIP – March 2024

On 19 March 2024, the Board resolved to grant key employees a total of 115,000 share options. The following terms apply to all 115,000 share options:

- vesting date of 20 March 2027;
- each share option gives the share option holder the right to subscribe for one ordinary share in the company;
- the share options were issued free of charge; and
- the subscription price (strike price) for each ordinary share amounts to SEK 50.4.

As of 31 March 2024, 1,031,254 share options had either lapsed, been exercised or cancelled.

If all 3,755,501 outstanding share options in the company were to be exercised for subscription of ordinary shares, the maximum dilution amounts to approximately 5.55 percent of the number of outstanding ordinary shares as at 31 March 2024.

GROWTH IN SHARE CAPITAL

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

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

		Number of Shares	
Registration date	**Event**	**Change**	**Total**
11 March 2021	IPO	-	66,551,863
6 July 2021	Consideration for acquisition	1,298,322	67,850,185
16 December 2021	Consideration for acquisition	363,636	68,213,821
11 January 2023	Cancellation of shares	(78,396)	68,135,425
8 August 2023	Cancellation of shares	(121,654)	68,013,771
31 December 2023			68,013,771

OWNERSHIP STRUCTURE

The table below shows CoinShares International Limited's largest shareholders as per 31 December 2023. The company had 3,450 shareholders on 31 December 2023.

Shareholders	Shares	Share of Ownership
Daniel Masters	14,764,760	21.71%
Mognetti Partners Limited	11,876,609	17.46%
Russell Newton	8,096,078	11.90%
Alan Howard	7,913,040	11.63%
Adam Levinson	3,896,618	5.73%
Paul Davidson	3,200,000	4.70%
Dwight Anderson	2,783,576	4.09%
Meltem Demirors	2,778,020	4.08%
Vitruvius Limited	2,566,213	3.77%
Horseferry Trading Ptd Limited	1,550,604	2.28%
Total 10 largest shareholders	59,425,518	87.37%
Other shareholders	8,588,253	12.63%
Total	**68,013,771**	**100%**

01
02
03
04
05
06
07
08

01
02
03
04
05
06
07
08

Shareholder agreements

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

SHARE PRICE DEVELOPMENT

The graph below shows movements in the company's share price during the year. CoinShares International Limited's shares are traded under the ticker code "CS". The initial listing was on Nasdaq First North Growth Market in March 2021 and the Company's shares were listed for trading on Nasdaq Stockholm on 19 December 2022. The initial listing price was SEK 44.9. The lowest price paid for the shares in 2023 was SEK 20.6 and the highest price paid during the year was SEK 56.1. The price of the shares was SEK 41.3 at year-end.

Share Price (SEK)

SUSTAINABILITY REPORT

01
02
03
04
05
06
07
08

INTRODUCTION

CoinShares' Sustainability Report aims to be transparent and pertinent to ensure that stakeholders can easily learn about our sustainability efforts and gain an understanding of our performance and progress over time in relation to Environmental, Social and Governance ("ESG") initiatives. This report presents the events and outcomes for 2023.

The disclosures are structured according to our key sustainability topics. The report has been written with reference to the Swedish Annual Accounts Act (1995:1554), and is presented in four sections, as follows:

1. Strategy & Current Position
2. Sustainability
3. Environmental Initiatives
4. Social Initiatives

The governance of the Group, which forms a key part of the ESG initiatives is presented separately within the Corporate Governance section of the Annual Report.

1. STRATEGY & CURRENT POSITION

Strategy

In 2023 we built upon our initial ESG strategy created in 2022 and refined certain elements so that ESG is considered a core pillar of our business initiatives and company culture. We monitored our ESG framework that sets clear objectives and can be transparently measured to demonstrate our commitment to ESG. Our ESG Strategy is supported by a company-wide and Board approved ESG Policy, which requires mandatory acknowledgement by all of our CoinShares employees.

The three pillars of our strategy are:

- **Sustainability**: adopting climate change friendly standards and working towards reducing our CO_2 footprint.
- **Education**: market leading information provider in the crypto ecosystem from novices to industry experts.
- **Investing in the future**: promoting and developing next generation talent from universities and nurturing existing personnel within the Group.

We aim to consider each of these in all our ESG initiatives, and also to promote them within the company wide culture of the Group.

These core pillars are crucial to our ability to be responsible and effective stewards of the digital asset ecosystem as cryptocurrencies are inherently political, social, and economic in nature. As a company we have always therefore been interested and invested in the development of initiatives in relation to digital assets and digital asset investing, particularly through the output of our Research arm. Finally, these pillars ensure that we are rightfully and actively considering our external impacts on the wider community and market outside of the digital assets environment.

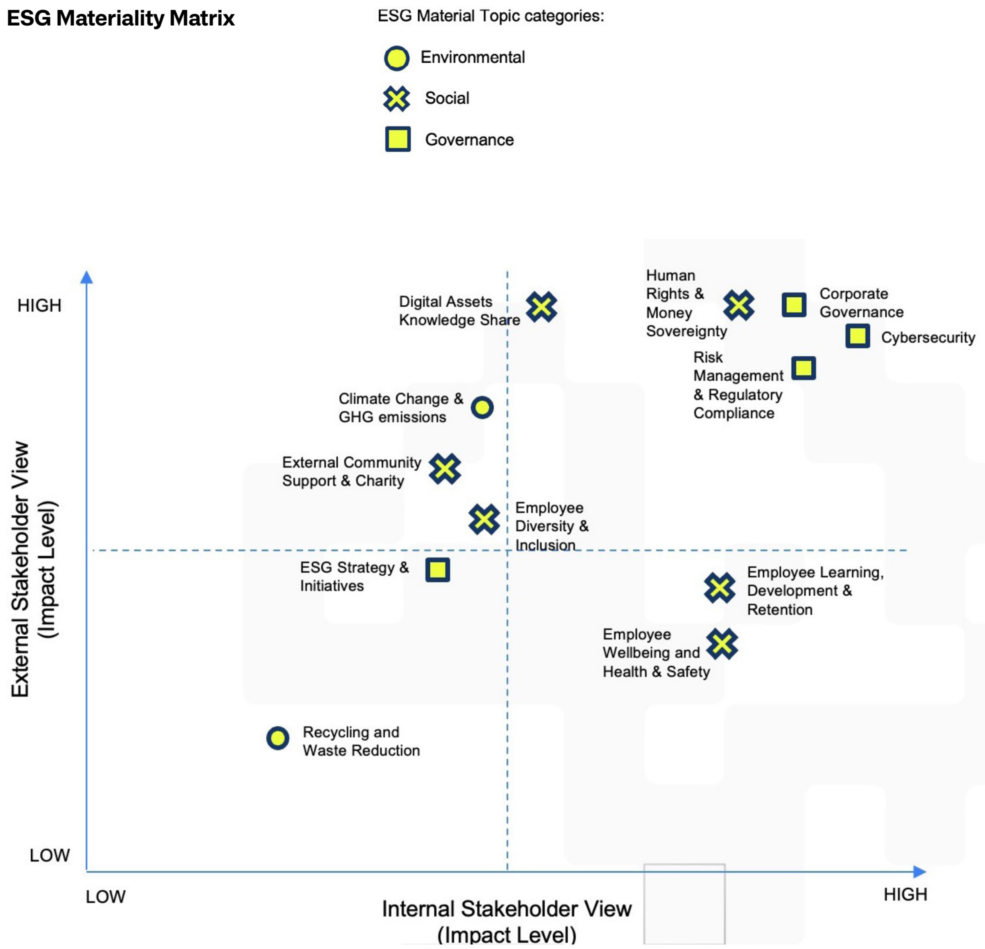
Current Position

For the nascent cryptocurrency industry, CoinShares is considered in its formative stages of its ESG journey. We have therefore taken steps in 2023 (and the two consecutive earlier years) to peer assess our ESG credentials against other leading financial institutions. It is important to quantify where we are placed in our ESG journey, allowing us to quantify the progress made as we move forward and the industry around us evolves.

CoinShares completed the S&P Global Corporate Sustainability Assessment ("CSA") that tested a wide range of ESG criteria, benchmarked scoring against some 600+ financial institutions such as banks and financial technology (FinTech) participants. The submission process provided useful insights into specific improvement areas for the Group in the future. Our 2023 ESG score is comparable to industry peers whereby we saw score improvements in the Corporate Governance and Risk Management topics on the back of tumultuous crypto market events, such as FTX and Celsius. However, there are further efforts and investments required to support our ongoing ESG efforts. For instance, in 2023 the Group has engaged with a sustainability solution to build a complete carbon footprint picture for our office locations and to recommend any new ESG initiatives, such as emission reduction plans. Once these initiatives are implemented, management will define key performance indicators for the Group to measure their growth and improvement in the ESG space.

We completed a company first ESG Materiality Assessment to identify focal areas that are key to our long-term ESG Strategy. The results of this assessment help to organise our sustainability initiatives and to prioritise the ESG matters of the highest importance. The ESG Materiality Matrix is displayed below:

ESG Materiality Matrix



2. SUSTAINABILITY

Sustainability & Output of Research Team

The digital asset industry is at the forefront of the technology to ensure a more efficient energy usage environment for financial services in the future, and we seek an active role in ensuring the potential of these advancements are widely known.

In 2023, the Research team published a "Bitcoin Mining Report" (https://blog.coinshares.com/coinshares-mining-report-the-halving-and-its-impact-on-hash-rate-and-miners-cost-structures-8646835d88ac) that showcases the sustainability improvements with the energy intensive Bitcoin mining. There have been efficiency gains of Bitcoin mining compared to earlier years. For instance, there has been an 8% improvement in efficiency over 2023 and over the past three years, efficiency was enhanced by 28%. There is a growing trend for Bitcoin miners to utilise renewable energy sources for their mining activities, which decreases the impact of carbon dioxide emissions on the environment. In Texas, where a significant proportion of Bitcoin mining occurs, renewable energy usage grew from 20% of total energy produced in 2017, to 31% in 2023 according to data from IEEFA. Finally, gas flaring for stranded energy sources such as oil rigs has been an increasingly serious problem because flaring excess gas contributes to approximately 406 million tonnes of CO2 emissions per year. Through innovative solutions, Bitcoin mining can alleviate this problem by housing mining hardware, along with the necessary generators, in containers and being able to operate in these remote and hard-to-reach locations far from established power grids. As global flaring currently comprises 1.1% of global CO2 emissions, Bitcoin mining could reduce global flaring emissions to just 0.41% of global emissions.

In September 2022, the Ethereum network switched from proof-of-work to a proof-of-stake consensus model, also known as "The Merge". The switch led to Ethereum's network greenhouse gas emissions dropping by an estimated 99.97% according to the Cambridge Centre for Alternative Finance (CCAF) report published in December 2023. The CCAF estimates pre-Merge greenhouse gas emissions were about 10.3 MCO2e and post-Merge greenhouse gas emissions were 2.8 KtCO2e. Also, the Ethereum network is powered by roughly 48% sustainable energy, such as wind and nuclear energy. These Ethereum developments support the digital assets industry drive for improved sustainability.

Cyber Security Risks and Hacking Risks

The further development of digital asset networks could lead to increased security risks. Many digital assets and their underlying networks have historically experienced security issues, hacks, and software errors. Such risks must be efficiently and successfully addressed so that bugs and security risks are mitigated to the greatest extent possible. Even if a high level of security is achieved, malicious actors could still successfully target digital asset networks and/or exchanges which may lead to financial losses to holders, as seen historically.

Malicious actors have in the past targeted platforms and exchanges to exploit them and are now also targeting the infrastructure for decentralised finance ("DeFI") and various smart contracts.
To address this risk, we are continuing to invest in our state-of-the-art cyber security processes and controls. These include but are not limited to a dedicated incident response team, 24/7/365 altering, estate monitoring and threat intelligence.

As an industry leader in our sector, it is important for us to protect ourselves and our clients against financial crime. We have strong financial crime processes and procedures that provide protection, but also identify bad actors and organisations. Due to the nature of the industry within which the Group operates, coupled with the nature of the services and products provided, a robust control environment is paramount to protect the Group's stakeholders, ensure compliance with regulatory requirements of the Group, and allow for accurate and timely dissemination of information throughout the Group.

01
02
03
04
05
06
07
08

Cyber-security remains a critical focus for the Group. Significant investment in and ongoing improvement of the Group's security posture is essential to align the infrastructure of the Group with its growth. The continuous improvements have been validated by the Group's external information security audits and accreditations.

Since 2021 the Group has maintained its ISO27001 certification (international standard for information security management), evidencing adherence to a "best-practice" approach to the management of information security by addressing people and processes as well as technology. Company Personnel are required to complete mandatory Cyber Security training upon joining and at least annually so that they are well equipped to identify and take appropriate action for high-risk Cyber Security scenarios.

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

Growth & Development of Personnel & Company Culture

We aim to invest in a responsible manner to scale and preserve the company culture without adversely impacting future prospects, including the Group's ability to retain and recruit personnel and to effectively focus on and pursue the Group's short term and long-term objectives.

The culture within CoinShares is entrepreneurial in nature due to the novelty of the crypto assets industry. Our values of: Trust, Transparency, Collaboration, Respect and Integrity are ingrained into our CoinShares employees where it is vitally important to build a digital assets market fit for institutional investors that is both robust and well regulated.

Anti-Money Laundering and Terrorist Financing

The Group has a variety of systems and controls in place that allow for the ongoing monitoring and appropriate levels of control of all its digital asset holdings and positions with each of the exchanges and custodians it uses. This is to ensure that the Group and its clients are compliant with both local, national and international regulations, legislation and standards.

All exchanges and custodians with which the Group interacts for the purpose of either digital asset storage or trading are subject to stringent counterparty onboarding and ongoing due diligence checks. These are integrated fully with the Group's internal systems prior to engaging in any kind of active relationship. Exchanges and Custodians are all subject to risk-based periodic reviews.

This risk of the Group is further mitigated by the fact that most of the Group's physical asset holdings are in custody with regulated and reputable digital assets custodians in equivalent jurisdictions such as Zodia Custody and Komainu Jersey, which act at arm's length to the Group.

3. ENVIRONMENT

The environment within which the Group operates is wide-ranging and there are both direct and indirect impacts from company activities. The Group aims to minimise its carbon footprint as much as possible and employs effective company stewardship to enable positive climate change action. The Group's activities have limited direct environmental impact; however, we prioritise the issue because we know it is important to run our business in a way that minimises our ecological footprint and leaves the environment in a better state for future generations.

There has been significant negative press coverage in regard to the environmental impact of Bitcoin mining due to its high energy usage. It is important to highlight that the Group is not directly engaged in Bitcoin mining and the vast majority of our transactions in Bitcoin are off-chain. Generally, there has been a noticeable drive for the use of renewable energy sources for Bitcoin mining activities due to increased focus on sustainability by global events such as the Dubai COP28 symposium.

Green Investments

Through both our venture fund and balance sheet investments, the Group has invested in a number of innovative companies focused on accelerating the buildout and utilisation of renewable energy sources and energy management systems using cryptocurrency as a dual revenue generator and incentive mechanism to fuel adoption, a topic which our Research team has written about extensively over the years.

In 2021 CoinShares invested in the company MintGreen, which is a clean technology company that uses Bitcoin mining to monetise heat generation. MintGreen is focused on addressing two of the primary concerns related to cryptocurrency mining - sustainability and power costs. MintGreen builds, manages, and maintains industrial Bitcoin mining systems co-located with utilities and industrial plants to produce guaranteed income from two revenue streams - cryptocurrency and the sale of heat. MintGreen has built a proprietary solution to capture heat emitted from Bitcoin mining and sell it to buyers of heat.

The Group is an investor in Daylight Energy, which helps consumers upgrade their home energy footprint and incentivises energy saving through the issuance of points which can be redeemed for cash and other incentives. For instance, homeowners can use Daylight Energy to help install solar panels that produce gas and electricity without having to rely on power from the national grid, thereby reducing homeowner power bills drastically in an environmentally friendly and sustainable manner.

Crypto Climate Accord

The Group remains a committed supporter of the Crypto Climate Accord, a private sector-led initiative committed to making the cryptocurrency industry 100% renewable. One of the objectives includes achieving net-zero emissions from electricity consumption by 2030. Inspired by the Paris Climate Agreement, the Accord brings together the crypto and FinTech industry to build a sustainable future for global finance with support from the United Nations Framework Convention on Climate Change ("UNFCCC") Climate Champions.

Jersey Trees For Life

We continued our paid membership of the Jersey Trees for Life organisation by allowing CoinShares employees time away from work to clear paths and help maintain the health of the trees (Alder Collection Restoration) with the local Jersey community. This initiative assisted our local community in reducing our carbon footprint as well as preserving wildlife living in their habitats. The Alder Collection Restoration Project, an extension of the Alder Collection, which has been planted and maintained by Jersey Trees for Life since the early 1990's, is designed to protect and restore the trees, habitats of endangered species, and improve the livelihoods of thousands of people who will be able to enjoy the site in the future.

Office Environment

In 2023, the CoinShares employees in two of our locations moved into new office locations in both London and Paris. The office moves were part of a cost reduction plan due to increasing office rents though the office amenities offered to staff in the new locations are of a high standard and the space allows for further employee headcount additions. The office floors offer a collaborative workspace for our employees and clients to ensure that fertile ideas are shared amongst the functional departments. The new London office is situated opposite the Bank of England, which signifies the intersection of traditional finance and the new digital assets industry.

As a technology driven company a crucial part of our success is providing our people with an optimal set of IT equipment. Having the right tools is a necessity to keep developing and maintaining the innovative products and services we offer customers and partners. That said, the Group endeavours as much as possible to maintain a sustainable consumption of physical electronic goods. The Group reuses as much of the IT equipment necessary for business operations as possible and ensures that every device gets used for its full product life before it is recycled.

As a global organisation we aim to host meetings virtually to minimise the carbon footprint of Company Personnel.

4. SOCIAL

Confidence and the highest reputational standards for the Group are a crucial part of our business and critical to our success. Trust and confidence are earned by acting responsibly and by meeting or exceeding expectations. Our Social impacts relate to the relationships held with our impacted stakeholders, including employees, clients, and the local community.

Our focus is on ensuring that we have the right people working in the most effective organisation structure to support the strategy of the Group - committed employees are the foundation of CoinShares' success. Creating a stimulating, rewarding work environment where employees want to stay, and nurturing the next generation's talents is critical to longevity and retaining the role of digital asset management market leader. CoinShares strives to be an attractive and responsible employer. Being responsible requires a long-term perspective. Skills development, diversity, compensation, and health are high-priority issues. Our work is governed by the applicable laws and regulations in the markets where the Group operates, as well as several policies such as guidelines for conduct, ethics, and human resources policies.

Wider Cryptocurrency Adoption

In lieu of the current traditional finance model, cryptocurrencies and digital assets are designed and developed for the entire mass market to adopt. The current traditional finance model caters for the developed nations who have stable economies that can manage low inflation risk whereas developing nations have high inflation risk leading to the devaluation of their citizens' savings and incomes. Over half of the world lives in an economy of authoritarianism and/or recurring double-digit inflation. CoinShares is a staunch supporter of including billions of people in the global economy and giving them sovereignty over their money. Hence, we are proud to offer Exchange Traded Products ("ETPs") to clients to cater for this type of financial inclusion.

According to World Bank data, 24% of the adult world population do not have a bank account and this percentage rises to 29% of the adult population in developing nations. This unbanked population do not have access to banking and bank fees for remittances to send money cross-border are exorbitant (i.e. range between 5-30% per transaction). The cross-border remittance of money is a real use case for developing nations due to people working in developed nations to send money home to families in developing nations. Cryptocurrencies such as Bitcoin remove the intermediary such as banks and other financial institutions to allow the unbanked population to keep more of their hard-earned income and gives them more financial freedom and sovereignty over their money.

In 2023, CoinShares continued its contribution to the Massachusetts Institute of Technology (MIT) Digital Currency Initiative (DCI). The Group committed to donate US$500,000 over the course of 4 years from 2021 to support Bitcoin open-source software development and advance the security of the Bitcoin protocol. This contribution to the initiative supports a growing team of senior, specialised open-source developers focused on systemic threat mitigation and rigorous improvements to Bitcoin's underlying infrastructure, including code audits, increasing automation, and novel research into Bitcoin's long-term economic security. CoinShares joined other industry leaders, such as Google and the Bank of England, as part of a new DCI Guardian's Circle committed to long-term foundational funding of open-source development and systemic security improvements to the Bitcoin protocol.

The year of 2023 has been a year of consolidation and risk aversion for the digital assets industry after the 2022 market events of FTX and Celsius. Risk Management has been high on the agenda for the Group and we have evidenced this by augmenting the Audit and Risk Committee in terms of its roles and responsibilities. Also, there has been a more stringent focus on the compliance with national laws and regulations for the digital assets sector, such as the EU Markets in Crypto Assets (MiCA) adoption. We see this as a positive step for our industry because this allows improved investor protection and confidence, which in turn drives further cryptocurrency adoption.

Employee Benefits

The Group strives to provide a competitive salary and benefits package to all eligible employees according to job requirements, jurisdiction and individual performance. Our employees have the opportunity to participate in the Group's success through our incentive programs such as the Equity Incentive Program ("EIP"), of which all levels of employees are qualified to receive EIP. Employees are also eligible for consideration for a discretionary bonus annually, the sum of which is determined by overall company performance. The Group actively monitors the attrition rate of staff (13% voluntary resignations in 2023) to identify any functional areas of improvement. Exit interviews are conducted to gain further insights and to improve retention rates. We have in place paid leave and flexibility schedules where our employees are eligible for paid leave and can benefit from flexible working the 24/7 nature of the digital assets industry.

The benefits package that the Group offers our employees varies from one operating jurisdiction to another to reflect local market conditions and legislation. Typically, this includes benefits such as a defined contribution pension plan, medical insurance, income protection/disability insurance and life insurance provided either via private insurance schemes or social security contributions. In some locations, there are fitness and wellbeing benefits offered with regular health assessments made available.

Wellbeing

Employees who utilise a good work-life balance are better equipped for high performance in the work environment. CoinShares regularly reviews employee benefits against market benchmarks to ensure they are fit and proper to support staff wellbeing. The Group embraces workforce diversity and promotes productivity, irrespective of physical and geographical locations. The Group allows colleagues to work from home and provides other forms of flexible working arrangements designed to protect health and safety. To consider and accommodate employee requests in an equitable, consistent, and sustainable manner, the Group has implemented a flexible working application ("FWA") to allow employees to work from home depending on the nature of their job, the requirements of the business, and their own circumstances.

In 2023, the Group set up Social Committees in each jurisdiction order to ensure that there is more team-based collaboration in an informal setting. The aim of the committee is to improve the employee networking effects within the organisation and maintain high engagement levels from our employees. The events organised were inclusive in nature and encouraged participation from all levels across the organisation. There is a ring-fenced yearly budget allocated to the Social Committees to organise diverse events and we look forward to such events in the upcoming years also.

Diversity and Inclusion

CoinShares is committed to promoting a diverse, equal, and inclusive working environment, where all employees feel valued and respected for who they are and for the work they contribute. The Group's Employee handbook outlines the responsibilities of staff in relation to equal opportunities, diversity and inclusion. We instil the principle of an inclusive workplace culture with zero tolerance for discrimination or harassment. All harassment is strictly prohibited, and a reporting channel is provided to employees as a forum where the Group can handle and investigate any potential reports of harassment. The Group's Human Resources policies strictly comply with all applicable employee local laws and regulations. As an equal opportunity employer, the Group is committed to providing equal opportunities to all employees and applicants. We create a safe working environment of mutual respect for employees that values individual contribution and recognises diversity. CoinShares upholds local laws on protecting staff from discrimination. We pride ourselves on being a meritocracy where each person is evaluated based on personal skill and merit. Moreover, the Group prohibits the use of child labour and forced or compulsory labour at all its units and suppliers.

Learning and Development

CoinShares seeks to establish a workplace that provides continuous learning to employees to equip them with effective skills, knowledge, and training to meet their full potential. The Group provides new joiners with a comprehensive induction training to ensure new employees clearly understand the Group's values and culture and efficiently integrate into the working culture. The induction programme provides information on the Group's structure, an introduction to the different departments of the Group, an overview of company policies and procedures and other important HR-related activities. Also, the induction offers training on CoinShares' compliance and cyber security policies and procedures.

CoinShares also provides annual training as part of the Continuing Professional Development ("CPD") scheme to employees on financial industry ethics, compliance, anti-money laundering, insider trading, conflicts of interest, diversity and inclusion, information security and cyber risk awareness. The courses are administered and tracked by the Compliance and Human Resources teams.

CoinShares supported our Company Personnel when external courses were held. CoinShares supported a number of employees to obtain their Chartered Financial Analyst (CFA) qualifications across Levels 1, 2 and 3, Investment Management Certificates, ACCA and CGI IFA qualifications. All personnel were given time off to attend the examinations, additional study days and financial support to access extra study materials. Our most recent successes were individual employees completing their CFA Level 1 and their Investment Management Certificate respectively. In addition to the professional qualification support, CoinShares offers all staff access to online training via the platform provider Coursera in a wide range of programmes from financial management for non-finance managers to leadership and development and Python programming.

Industry Leadership

We provide deep and thought-provoking research into the digital assets industry utilising our subject matter experts in the Research department. Our research is aimed at a wide spectrum of cryptocurrency amateurs, enthusiasts, and institutional investors. We have published research on the impact of crypto mining, promoting the usage of efficient and renewable energy in crypto mining technology. CoinShares has explored opportunities to invest in renewable power generation in underutilised globally distributed locations for optimisation of energy usage in the crypto ecosystem.

External Community

We look for opportunities where CoinShares can have a meaningful impact, with a focus on preserving local culture. We collaborate with community non-profit organisations, neighbourhood groups, and other special initiatives for local residents.

In 2023, a cohort of London office employees volunteered in a Corporate Social Responsibility Day where an afternoon was spent helping the local Queen's Park London community clearing and cleaning local gardens in community hubs, nursing homes and private residences of the elderly. This was a positive action for CoinShares that showcased our support for the local community and supporting greener initiatives as part of our ESG strategy. Our employee volunteers enjoyed the gardening day in the summer sun and this allowed for an informal team building activity. A donation of £250 to the Queen's Park Community Council was made as part of our efforts.

In Jersey, our CoinShares Chairman committed a donation of £500 to the Healing Waves foundation. Healing Waves enables individuals despite their condition and/or disability both neurological and physical to access the ocean in a safe way to participate in water sport activities around the shores of Jersey. Healing Waves firmly believes that being in, under, on, or around the water leaves oneself calmer with a more focused mindset, it can give one's mind a break from the usual busyness and over stimulation of life and the foundation truly believes the water can do the same for any of the Jersey community who participates.

We are proud to fund a three-year title sponsorship of the Jersey Race Club, the club which dates back to 1832, and where horse racing has continued in one form or another with the exception of the two world wars and the 2020 season. The sponsorship provides the financial support required for the Club to continue to host local horse racing events, affecting both local and off-Island jobs amongst jockeys, trainers, stable personnel and catering. As horse racing is a regulated sport, the welfare of its human and equine participants is considered integral to the Club. The Club meticulously treats and cares for its horses by employing its team of expert stablemen, the provision of vets and other welfare professionals.

In the London office, office desk usage was given at no cost to charity workers from the Horseferry Foundation. The foundation's activities include the advancement of education, and the protection and conservation of the environment for the benefit of children and young people.

We intend to continue contributing to the global crypto community via research, events, and advocacy throughout 2024 and beyond and look forward to reporting on these efforts.

AUDITED FINANCIAL STATEMENTS

CONTENTS

Company Information	55
Directors' Report	57
Independent Auditor's Report	59
Consolidated Statement of Comprehensive Income	66
Consolidated Statement of Financial Position	67
Consolidated Statement of Changes in Equity	68
Consolidated Statement of Cash Flows	69
Alternative Consolidated Statement of Comprehensive Income	71
Notes to the Consolidated Financial Statements	73

COMPANY INFORMATION

The Company	CoinShares International Limited
Jurisdiction	Jersey
Registered Number	102185
Registered Office	2nd Floor 2 Hill Street St Helier Jersey JE2 4UA
Directors	Daniel Masters Jean-Marie Mognetti Carsten Køppen Johan Lundburg Viktor Fritzén Christine Rankin
Company Secretary	CoinShares Corporate Services (Jersey) Limited
Independent Auditor	Baker Tilly Channel Islands Limited PO Box 437 2nd Floor, Lime Grove House Green Street St Helier, Jersey JE2 4UB
Bankers	Silvergate Bank (closed March 2023) 4250 Executive Square Suite 300 La Jolla CA 92037 Deltec Bank & Trust Limited Deltec House Lyford Cay PO Box N-3229 Nassau The Bahamas Flagstar Bank (formerly Signature Bank) (closed May 2023) 565 Fifth Avenue New York NY 10017 DBS Bank Ltd 12 Marina Boulevard Singapore 018982 Barclays Bank 13 Library Place Jersey JE4 8NE Handelsbanken Kungsträdgårdsgatan 2 106 70 Stockholm

01
02
03
04
05
06
07
08

Silicon Valley Bank, a division of First-Citizens Bank & Trust Company
3003 Tasman Dr
Santa Clara
CA 95054

Banque Populaire
76 Avenue France
75013 Paris
France

FlowBank S.A
Esplanade de Pont-Rouge 6,
1211 Geneva 26
Switzerland

Customers Bank (from May 2023)
Rye Ridge Shopping Center
102 South Ridge Street
Rye Brook
New York
10573

Custodians

Komainu Digital
3rd Floor
2 Hill Street
St Helier
Jersey
JE2 4UA

Zodia Custody Limited
Thomas House
84 Eccleston Squares
London SW1V 1PX

Legal Advisor

Carey Olsen Jersey LLP
47 Esplanade
St Helier
Jersey
JE1 0BD

Brokers

Marex Prime Services Limited (formerly Cowen International Limited)
155 Bishopsgate
London EC2M 3TQ

Interactive Brokers LLC
110 Bishopsgate
London EC2N 4AY

Mangold Fondkommission AB
Engelbrektsplan 2
114 34 Stockholm

Marex Capital Markets Inc.
425 S Financial Place, Suite 1850
Chicago
IL 60605

BMO Capital Markets Ltd
100 Liverpool Street
London EC2M 2AT

LMAX Broker Ltd.
1A Nicholas Road
London W11 4AN

DIRECTORS' REPORT

The directors present their annual report and the consolidated financial statements (the 'financial statements') of CoinShares International Limited (the 'Company'), together with its subsidiaries listed in note 15(a) of the financial statements (collectively the 'Group'), for the year ended 31 December 2023.

Incorporation

The Company is incorporated and domiciled in Jersey. The Company is registered as a public company with the Jersey Financial Services Commission and listed on Nasdaq Stockholm.

Principal activity

The principal activity of the Group is to engage in creating financial products associated with digital assets and blockchain technology.

Results and dividends

The total comprehensive income for the year amounted to £38,396,035 (2022: £2,934,267). The loss for the year, after taxation and excluding movements on digital assets recognised through other comprehensive income, amounted to £453,773,006 (2022: profit of £520,216,064).

Dividends of £nil (2022: £nil) were declared or payable in the year. A share buy-back program undertaken during the year resulted in the buyback of 1,597,706 shares (2022: 78,396) for consideration of £4,216,180 (2022: £228,383). The share buyback program was implemented for the purpose of reducing the capital of the Company.

Following the financial year end, the Company announced the adoption of a dividend policy under which approximately 20% to 40% of the annual total comprehensive income (adjusted for FX on consolidation through other comprehensive income) is to be distributed as a dividend annually. A dividend is therefore expected in the next financial period.

Statement of directors' responsibilities

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

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

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors

The directors who held office during the year and subsequently are set out on page 55.

Company Secretary

The Company Secretary who held office during the year and subsequently is set out on page 55.

Going concern

The Group had net assets of £239,245,005 (2022: £203,741,110) and total comprehensive income of £38,396,035 (2022: £2,934,267). 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 12 months from the date of issue of these financial statements.

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

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

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

Post balance sheet events

Events subsequent to the year end have been disclosed in note 17.

Independent auditor

In accordance with the Company's articles, a resolution proposing that Baker Tilly Channel Islands Limited be reappointed as auditor of the Group will be put at the Annual General Meeting on 31 May 2024.

The report was approved by the board on 29 April 2024 and signed on its behalf.

Jean-Marie Mognetti

....

Jean-Marie Mognetti
Director

bakertilly
CHANNEL ISLANDS

INDEPENDENT AUDITOR'S REPORT

To the Members of CoinShares International Limited

Opinion

We have audited the consolidated financial statements of CoinShares International Limited (the "Company" and, together with its subsidiaries, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the United Kingdom (IFRSs); and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991, as amended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter	Key observations communicated to those charged with governance
Valuation of investments There is a risk that investments could be materially misstated and incorrectly disclosed in the consolidated financial statements. • Total value: £44,924,207 (2022: £45,011,850) • As disclosed in note 9.	We understood and evaluated the valuation methodology applied with reference to the International Private Equity and Venture Capital Valuation guidelines (IPEV), and tested the techniques used by the Directors in determining the fair value of material unquoted investments. To test the value we undertook the following: • Assessed the appropriateness of the valuation methodology used and tested the inputs either through validation to appropriate third party sources, or where relevant, assessed the reasonableness of significant estimates and judgements used; • Compared valuations of investments in funds to the most recent audited financial statements, where available; • Compared valuations to recent transactions, where relevant; and • Compared valuations to recent investments made in investee companies where there was a significant new investor.	No issues were identified that were required to be communicated to those charged with governance.
Existence and rights and obligations in respect of investments There is a risk that investments do not exist, or the group does not hold title to the investments. • Total value: £44,924,207 (2022: £45,011,850) • As disclosed in note 9.	For each material investment held by the Group we have obtained third party confirmation of ownership.	No issues were identified that were required to be communicated to those charged with governance.
Digital asset: Existence, Rights and Obligations There is a risk that the Group does not own or control the digital assets which would result in a material misstatement in the consolidated financial statements. • Total value: £2,377,652,328 • (2022: £869,034,495) • As disclosed in note 8.	Our substantive procedures included performing the following: • Obtained confirmations from the custodian and centralised exchanges, where available; • Performed on-chain testing where wallets were directly held; • Performed a stocktake of digital assets held via decentralised wallets; and • We understood and evaluated the procedures relating to the process of assessing the reliability of the custodian both at take on and throughout the relationship.	No issues were identified that were required to be communicated to those charged with governance.

Key audit matter	How our audit addressed the matter	Key observations communicated to those charged with governance
Digital assets – Valuation There is a risk that the value attached to the digital assets is materially misstated. • Total value: £2,377,652,328 • (2022: £869,034,495) • As disclosed in note 8.	We have obtained prices used in the valuation and compared to a third-party source to determine the reasonableness of the price and the level which has been applied.	No issues were identified that were required to be communicated to those charged with governance.
ETP liabilities: Completeness, Rights and Obligations There is a risk that the ETP liability is not fully recognised which would materially misstate the consolidated financial statements. • Total value: £2,351,475,523 (2022: £986,707,490) • As disclosed in note 9.	We have obtained confirmations from the relevant third parties who issue the ETP liability certificates and compared this to the financial records to ensure the liabilities exist.	No issues were identified that were required to be communicated to those charged with governance.
ETP liability – Valuation There is a risk that the value attached to the ETP liability is materially misstated. • Total value: £2,351,475,523 (2022: £986,707,490) • As disclosed in note 9.	The valuation of the certificates has been tested by: • Recomputing the underlying digital asset allocation as per the prospectus; and • Comparing prices used in the valuation of underlying digital assets to third party sources to determine reasonableness.	No issues were identified that were required to be communicated to those charged with governance.

01

02

03

04

05

06

07

08

Our Application of Materiality

Materiality for the consolidated financial statements as a whole was set at £7,163,000 (2022: £6,112,000), determined with reference to a benchmark of net assets, of which it represents 3% (2022: 3%).

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

Performance materiality was set at 60% (2022: 60%) of materiality for the consolidated financial statements as a whole, which equates to £4,297,800 (2022: £3,667,200). We applied this percentage in our determination of performance materiality because we deem the digital asset activities undertaken by the Group to be high risk.

We reported to the Audit Committee any uncorrected omissions or misstatements exceeding £358,000 (2022: £305,600), in addition to those that warranted reporting on qualitative grounds.

Of the Group's 29 (2022: 19) reporting components, including the Company, we subjected 4 (2022: 4) to full scope audits. The work on all the components was performed by the Group audit team. The components within the scope of our audit accounted for 90% (2022: 94%) of the Group's net assets.

Conclusions relating to Going Concern

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

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

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

Other Information

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

We have nothing to report in this regard.

01
02
03
04
05
06
07
08

Matters on which we are required to Report by Exception

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

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

Responsibilities of the Directors

As explained more fully in the Directors' responsibilities statement set out on page 57, the Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

This description forms part of our auditor's report.

Report on the examination of the ESEF report

Opinion

In addition to our audit of the annual report, we have also examined that the Board of Directors have prepared the annual report in a format that enables uniform electronic reporting (the ESEF report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for CoinShares International Limited for the year ended 31 December 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We conducted our examination in accordance with International Standard on Assurance Engagements (UK) 3000 Assurance Engagements Other Than Audits Or Reviews of Historical Financial Information. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant in Jersey, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair representation of the ESEF report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control as the Board of Directors determines is necessary to enable the preparation of the ESEF report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the ESEF report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed. Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out in accordance with ISAE (UK) 3000 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

We apply ISQM (UK) 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, Or Other Assurance Or Related Services Engagements and accordingly we maintain a comprehensive system of quality management, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures selected using our judgement, that the ESEF report has been prepared in a format that enables uniform electronic reporting of the annual report.

01
02
03
04
05
06
07
08

The examination included:

- Consideration of those elements of internal control that are relevant to the preparation of the ESEF report by the Board of Directors;
- Evaluating that the ESEF report has been prepared in a valid format; and
- Reconciling the ESEF report with the audited annual report.

Auditor's report on the Board of Directors Report, Corporate Governance Report and Sustainability Report

Based on our audit of the consolidated financial statements as described above, it is our opinion that the information presented in the Board of Directors Report, Corporate Governance Report and Sustainability Report concerning the financial statements and the going concern assumption is consistent with the consolidated financial statements and complies with the applicable laws and regulations.

Other Matters which we are Required to Address

We were appointed by the Board of Directors on 26 August 2020 to audit the consolidated financial statements. Our total uninterrupted period of engagement covers 5 financial reporting periods.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group and we remain independent of the Group in conducting our audit.

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

Use of this Report

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

Ewan Spraggon
For and on behalf of Baker Tilly Channel Islands Limited
Chartered Accountants
St Helier, Jersey
Date: 29 April 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £	2022 £
Revenue	4(a)	**43,082,721**	51,336,682
Cost of sales	6(a)	**(7,251,466)**	(8,667,090)
Gross profit		**35,831,255**	42,669,592
Administrative expenses	6(b)	**(21,392,505)**	(23,832,952)
Other operating income	4(b)	**23,447,347**	16,626,978
Gain/(loss) on digital assets	8	**787,050,987**	(1,226,595,255)
(Loss)/gain on certificate liability	9(f)	**(1,470,485,132)**	2,370,899,189
Other operating gains/(losses) through profit and loss	9	**188,837,891**	(629,754,694)
Operating (loss)/profit		**(456,710,157)**	550,012,858
Impairment reversals/(charges)	9(h),10(c)	**60,160**	(31,064,551)
Fair value gain/(loss) on investments through profit and loss	9(d)	**11,365,752**	(2,800,424)
Share of losses in joint ventures/associates	9(d,e)	**(10,590,566)**	(2,149,611)
Finance costs	6(c)	**(6,902,019)**	(6,330,425)
Finance income	6(c)	**10,224,023**	12,916,891
(Loss)/profit before tax		**(452,552,807)**	520,584,738
Taxation	7	**(573,670)**	(368,674)
(Loss)/profit after tax		**(453,126,477)**	520,216,064
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(8,192,795)**	19,281,832
		(8,192,795)	19,281,832
Items that will not be reclassified subsequently to profit or loss			
Fair value gain/(loss) on digital assets	8	**499,566,125**	(539,108,506)
Fair value gain on financial assets through other comprehensive income		**149,182**	2,544,877
		499,715,307	(536,563,629)
Total other comprehensive income/(loss)		**491,522,512**	(517,281,797)
Total comprehensive income		**38,396,035**	2,934,267
Adjusted earnings per share			
Basic	21	**0.57**	0.04
Diluted	21	**0.54**	0.04

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023 £	2022 £
ASSETS			
Non-current assets			
Property, plant and equipment	10(a)	**3,065,552**	1,935,862
Digital assets	8	**1,331,614**	111,978
Goodwill	10(c)	**941,507**	943,484
Other intangible assets	10(d)	**9,716,511**	11,048,448
Investments	9(d)	**25,110,879**	14,607,956
Investments in joint ventures and associates	9(d,e)	**19,813,328**	30,403,894
Trade and other receivables	9(a)	**328,614**	806,052
Other non-current assets	9(b)	**2,211,742**	1,968,199
		62,519,747	61,825,873
Current assets			
Cash and cash equivalents	9(c)	**25,507,944**	134,768,902
Trade and other receivables	9(a)	**2,241,203**	1,458,179
Digital assets	8	**2,375,850,359**	868,922,517
Other current assets	9(b)	**266,093,775**	177,565,926
		2,669,693,281	1,182,715,524
Total assets		**2,732,213,028**	1,244,541,397
LIABILITIES			
Current liabilities			
Certificate liability	9(f)	**(2,351,475,523)**	(986,707,490)
Amounts due to brokers	9(c)	**(669,402)**	-
Trade and other payables	9(g)	**(5,612,218)**	(3,969,783)
Other current liabilities	9(i)	**(108,940,878)**	(27,116,746)
Current lease liabilities	10(b)	**(563,633)**	(1,307,507)
Current tax liabilities	7	**(156,970)**	(235,814)
		(2,467,418,624)	(1,019,337,340)
Net current assets		**202,274,657**	163,378,184
Non-current liabilities			
Non-current lease liabilities	10(b)	**(2,404,272)**	(28,980)
Non-current loans	9(i)	**(23,145,127)**	(21,433,967)
		(25,549,399)	(21,462,947)
Total liabilities		**(2,492,968,023)**	(1,040,800,287)
Net assets		**239,245,005**	203,741,110
EQUITY			
Share capital	11(a)	**33,667**	33,766
Share premium	11(a)	**30,690,938**	30,781,210
Other reserves	11(b)	**454,110,087**	22,136,272
Retained earnings		**(245,589,687)**	150,789,862
Total equity		**239,245,005**	203,741,110

The financial statements on pages 66 to 134 were approved and authorised for issue by the board of directors and signed on its behalf by:

Jean-Marie Mognetti

Jean-Marie Mognetti
Director
Date: 29 April 2024

The notes on pages 66 to 134 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total equity £
At 31 December 2021	**33,766**	**30,781,210**	**(2,797,090,363)**	**2,966,288,540**	**200,013,153**
Profit for the year	-	-	-	520,216,064	**520,216,064**
Other comprehensive loss for the year	-	-	(519,826,674)	2,544,877	**(517,281,797)**
Total comprehensive income	**-**	**-**	**(519,826,674)**	**522,760,941**	**2,934,267**
Share based payments	-	-	1,229,617	-	**1,229,617**
Share buybacks	-	-	(228,383)	-	**(228,383)**
Share options liquidated	-	-	(153,900)	(53,644)	**(207,544)**
Total transactions with owners recognised in equity	**-**	**-**	**847,334**	**(53,644)**	**793,690**
Transfer of revaluation reserve upon disposal of digital assets	-	-	3,338,205,975	(3,338,205,975)	**-**
Total other changes in equity	**-**	**-**	**3,338,205,975**	**(3,338,205,975)**	**-**
At 31 December 2022	**33,766**	**30,781,210**	**22,136,272**	**150,789,862**	**203,741,110**
Loss for the year	-	-	-	(453,126,477)	**(453,126,477)**
Other comprehensive income for the year	-	-	491,522,512	-	**491,522,512**
Total comprehensive income	**-**	**-**	**491,522,512**	**(453,126,477)**	**38,396,035**
Share based payments	-	-	1,324,818	-	**1,324,818**
Share cancellations	(99)	(90,272)	551,399	(461,028)	**-**
Share buybacks	-	-	(4,216,180)	-	**(4,216,180)**
Share options exercised/liquidated	-	-	(20,610)	19,832	**(778)**
Total transactions with owners recognised in equity	**(99)**	**(90,272)**	**(2,360,573)**	**(441,196)**	**(2,892,140)**
Transfer of revaluation reserve upon disposal of digital assets	-	-	(57,188,124)	57,188,124	**-**
Total other changes in equity	**-**	**-**	**(57,188,124)**	**57,188,124**	**-**
At 31 December 2023	**33,667**	**30,690,938**	**454,110,087**	**(245,589,687)**	**239,245,005**

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

CONSOLIDATED STATEMENT OF CASH FLOWS (1/2)

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
(Loss)/profit after		**(453,126,477)**	520,216,064
Adjustments for:			
- Depreciation of property, plant and equipment	10(a)	**201,619**	240,683
- Depreciation of right-of-use assets	10(a)	**1,211,439**	872,526
- Impairment of goodwill	10(c)	**-**	5,473,525
- Amortisation of other intangible assets	10(d)	**1,789,875**	1,769,632
- Share-based payment expense	20	**1,324,818**	1,229,617
- Finance and other income	6(c)	**(10,224,023)**	(12,916,891)
- Finance costs and other expenses	6(c)	**6,902,019**	6,330,425
- Income tax expense	7	**573,670**	368,674
- Other operating (gains)/losses through profit and loss	8	**(188,837,891)**	629,754,694
- Loss/(gain) on certificate liability	9(f)	**1,470,485,132**	(2,370,899,189)
- (Gain)/loss on digital assets	8	**(787,050,987)**	1,230,310,948
- (Gain)/loss on investments	9(d)	**(11,365,752)**	2,800,424
- Share of joint venture losses	9(d,e)	**-**	230,910
- Share of associate losses	9(d,e)	**10,590,566**	1,918,701
- Gain on foreign exchange		**(3,156,213)**	-
- Other operating income/gains	4(b)	**(22,195,819)**	-
- Trading expenses	6(a)	**119,206**	-
		17,241,182	17,700,743
Changes in working capital:			
- Trade receivables and other assets	9(a)	**82,860,609**	683,948,708
- Trade payables and other liabilities	9(g)	**651,049**	(502,361,951)
		100,752,840	199,287,500
Changes in operating activities:			
- Net (purchases)/sales of digital assets		**(62,412,704)**	381,400,078
- Net sales of ETP liabilities		**(137,854,204)**	(269,332,298)
Cash (used in)/generated from operations		**(99,514,068)**	311,355,280
Finance costs paid	6(c)	**(6,614,612)**	(6,329,290)
Income taxes paid	7	**(650,644)**	(3,457,543)
Net cash flow (used in)/generated from operating activities		**(106,779,324)**	301,568,447
Cash flows from investing activities			
Purchases of other intangible assets	10(d)	**(845,056)**	(703,461)
Disposals of other intangible assets	10(d)	**(282,287)**	6,828
Purchases of property, plant and equipment	10(a)	**162,806**	(327,508)
Disposals of property, plant and equipment	10(a)	**-**	196,187
Acquisition of investments in associates	9(d,e)	**-**	(20,266,689)
Acquisition of other investments through profit and loss	9(d)	**(426,917)**	(28,520)
Net disposals of listed equities		**-**	98,578
Finance income	6(c)	**8,299,340**	12,957,913
Net cash generated/(used in) from investing activities		**6,907,886**	(8,066,672)

CONSOLIDATED STATEMENT OF CASH FLOWS (2/2)

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £	2022 £
Cash flows from financing activities			
(Repayment)/issue of long term loan	9(i)	**(61,488)**	21,573,387
Repayment of lease liabilities	10(b)	**(588,487)**	(1,065,080)
Cash payments for the interest portion of lease liabilities	10(b)	**(77,866)**	(14,217)
Share option liquidations	11(b)	**(14,307)**	(207,544)
Share buybacks	11(b)	**(3,651,252)**	(228,383)
Net cash (used in)/generated from financing activities		**(4,393,400)**	20,058,163
Net (decrease)/increase in cash and cash equivalents		**(104,264,838)**	313,559,937
Cash and cash equivalents			
At the beginning of the year		**134,768,902**	(162,955,669)
Effects of currency translation on cash and cash equivalents		**(5,665,521)**	(15,835,366)
At the end of the year	9(c)	**24,838,542**	134,768,902
Cash and cash equivalents comprise			
Cash at bank		**6,660,753**	26,567,599
Amounts due from brokers		**16,270,974**	98,128,995
Amounts due to brokers		**(669,402)**	-
Amounts due from exchanges		**2,576,217**	10,072,308
At the end of the year		**24,838,542**	134,768,902

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

ALTERNATIVE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE YEAR ENDED 31 DECEMBER 2023

The alternative presentation of the SOCI is designed to reflect the performance of the Group if gains and losses on digital assets are exclusively taken through profit and loss, rather than through other comprehensive income as required by UK-adopted IFRS accounting standards. No other adjustments have been made.

Due to the treatment of digital assets as intangible assets and the resultant impact on the Group's other comprehensive income, it is the opinion of management that total comprehensive income is the most representative measure of the Group's overall performance.

	2023 £	**2022 £**
Revenue	**43,082,721**	51,336,682
Cost of sales	**(7,251,466)**	(8,667,090)
Gross profit	**35,831,255**	42,669,592
Administrative expenses	**(21,392,505)**	(23,832,952)
Other operating income	**23,447,347**	16,626,978
Gain/(loss) on digital assets	**1,286,617,122**	(1,765,703,761)
(Loss)/gain on certificate liability	**(1,470,485,132)**	2,370,899,189
Other operating losses through profit and loss	**188,837,891**	(629,754,694)
Operating profit/(loss)	**42,855,968**	10,904,352
Impairment charges	**60,160**	(31,064,551)
Fair value gain/(loss) on investments through profit and loss	**11,365,752**	(2,800,424)
Share of losses in joint ventures/associates	**(10,590,566)**	(2,149,611)
Finance costs	**(6,902,019)**	(6,330,425)
Finance income	**10,224,023**	12,916,891
Profit/(loss) before tax	**47,013,318**	(18,523,768)
Taxation	**(573,670)**	(368,674)
Profit/(loss) after tax	**46,439,648**	(18,892,442)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**(8,192,795)**	19,281,832
	(8,192,795)	19,281,832
Items that will not be reclassified subsequently to profit or loss		
Fair value gain on financial assets through other comprehensive income	**149,182**	2,544,877
	149,182	2,544,877
Total other comprehensive (loss)/income	**(8,043,613)**	21,826,709
Total comprehensive income	**38,396,035**	2,934,267
Earnings per share		
Basic	**0.57**	0.04
Diluted	**0.54**	0.04

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

CONTENTS TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.	General information and material accounting policies	73
2.	Significant changes in the current reporting period	75
	Numerical information - Statement of Comprehensive Income	
3.	Operating segment information	77
4.	Revenue and other income	78
5.	Material profit or loss items	79
6.	Other income and expense items	79
7.	Income tax expense	81
	Numerical information - Statement of Financial Performance	
8.	Digital assets	83
9.	Financial assets and liabilities	87
10.	Non-financial assets and liabilities	101
11.	Equity	109
	Risk	
12.	Critical estimates, judgements and errors	111
13.	Financial risk and capital management	111
	Group Structure	
14.	Business combination	118
15.	Interests in other entities	119
	Contingent items	
16.	Commitments	121
17.	Events occurring after the reporting period	122
	Further details	
18.	Cash flow information	124
19.	Related party transactions	125
20.	Share-based payments	127
21.	Earnings per share	130
22.	Summary of other accounting policies	131

01
02
03
04
05
06
07
08

1. General information and material accounting policies

CoinShares International Limited (the 'Company') and its subsidiaries (together the 'Group') primarily operates in Jersey, Channel Islands (see note 15(ii) for other jurisdictions in which the Group operates). The principal activity of the Group is providing exposure to the digital asset ecosystem via a range of financial products and services, supported by its technology stack and team.

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

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

The material accounting policies of the Group are disclosed below. Policies impacting upon specific areas of the accounts are included within the relevant section of the notes to the financial statements.

(a) Basis of preparation

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

The financial statements are presented in Pound Sterling, which is also the functional currency. Monetary amounts in these financial statements are rounded to the nearest pound, except when otherwise indicated.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group accounting policies.

The following material accounting policies have been applied:

(b) Separate financial statements

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

(c) Going concern basis

The Group had net assets of £239,245,005 (2022: £203,741,110), an operating loss of £457,356,686 (2022: operating profit of £550,012,858), and total comprehensive income of £38,396,035 (2022: £2,934,267). 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 12 months from the date of issue of these financial statements.

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

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

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

(d) Basis of consolidation

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

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

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

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

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

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

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

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 are adjusted to reflect the changes in their relative interests in the subsidiaries.

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. 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. Significant changes in the current reporting period

The financial position and performance of the Group was particularly affected by the following events and transactions during the reporting period:

- The performance of the Group is closely related to the performance of the industry within which it operates, and specifically digital asset prices. As at the beginning of 2023, Bitcoin and Ethereum were valued at US$16.6k and US$1.2k, respectively. These prices were the result of fairly consistent decline over the course of 2022, exacerbated by a handful of events that had a detrimental impact on the industry, such as the failure of FTX exchange in November 2022. However, over the course of 2023 there has been a strong recovery, with prices for Bitcoin and Ethereum closing the year at US$42.2k and US$2.3k respectively. This recovery has had an impact on the Group's AUM held in respect of its XBTP and CoinShares Physical products which manifests as both an increase in digital asset holdings and certificate liability. This is the main driver behind the gross asset position of the Group rising 119% from £1.24 billion to £2.73 billion over the course of 2023.

- The increased value of the assets held has led to strong management fees in the year (which manifest within the Group's revenues) and an increase in staking rewards (which manifest within the Group's other operating income).

- Following certain exceptional losses incurred in 2022, there has been a focus internally on counterparty monitoring, cyber security and general governance in order to mitigate the risk of any trading losses. There have been no such events over the course of 2023. This, coupled with a focus on stable expenses, has resulted in a total comprehensive income figure far in excess of that generated in 2022.

- The recovery seen during 2023 has also had a positive impact on the Group's investments, with a number being the subject of transactions which have resulted in an uplift to their carrying values. This gain however has been offset by a decrease in value of associates due to loss making performance in the year and adjusted prior year results which were not recognised by the associates in question until mid 2023.

3. Operating segment information

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

- Asset Management
- Capital Markets
- Principal Investments

The identification of operating segments is performed by management and reviewed by the Chief Executive, who have identified that such information needs to be reported separately on an ongoing basis to inform decision making and assessment of performance. Each operating segment has its own segment head and identifiable team/resources.

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

Additionally, administrative expenses as per the Statement of Comprehensive Income are split within the operating segments note between cost of sales and administrative expenses. Furthermore, a portion of administrative expenses relating to FX gains and losses have been allocated to the Capital Markets operating segment as a movement on financial instruments.

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

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

01
02
03
04
05
06
07
08

The following is an analysis of the Group's revenue and results by reportable segment in the year ended 31 December 2023.

	Asset Management £	Capital Markets £	Principal Investments £	Other £	Total £
Revenue	42,954,234	128,487	-	-	**43,082,721**
(Loss)/gain on financial instruments	(1,470,485,132)	191,849,844	-	-	**(1,278,635,288)**
Gain/(loss) on digital assets	1,470,485,132	(186,498,607)	2,630,587	-	**1,286,617,112**
Investment gains	-	-	924,369	-	**924,369**
Finance income	-	10,130,726	93,297	-	**10,224,023**
Other operating income	-	23,402,537	44,810	-	**23,447,347**
Total revenue, gains & other income	**42,954,234**	**39,012,987**	**3,693,063**	**-**	**85,660,284**
Finance costs	-	(5,935,961)	(885,720)	(80,338)	**(6,902,019)**
Cost of sales	(4,767,743)	(2,248,514)	(235,210)	-	**(7,251,467)**
Adjusted gross profit/(loss)	**38,186,591**	**30,828,512**	**2,572,133**	**(80,338)**	**71,506,798**
Other admin expenses	(4,288,454)	(3,470,722)	-	(16,585,122)	**(24,344,298)**
Adjusted operating profit/(loss)	**33,898,037**	**27,357,790**	**2,572,133**	**(16,665,460)**	**47,162,500**
Income tax expense					**(573,670)**
Exchange differences on translation of foreign operations					**(8,192,795)**
Total comprehensive income					**38,396,035**

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

The following is an analysis of the Group's revenue and results by reportable segment in the year ended 31 December 2022.

	Asset Management £	Capital Markets £	Principal Investments £	Consumer Platform £	Other £	Total £
Revenue	50,090,889	309,109	-	936,684	-	**51,336,682**
Gain/(loss) on financial instruments	2,349,122,865	(630,235,617)	-	-	-	**1,718,887,248**
(Loss)/gain on digital assets	(2,349,122,865)	582,986,520	(3,283,109)	-	-	**(1,769,419,454)**
Investment losses	-	-	(1,795,713)	-	-	**(1,795,713)**
Finance income	-	12,916,891	-	-	-	**12,916,891**
Other operating income	-	16,464,651	162,327	-	-	**16,626,978**
Total revenue, gains & other income	**50,090,889**	**(17,558,446)**	**(4,916,495)**	**936,684**	**-**	**28,552,632**
Finance costs	(16,807)	(5,550,377)	(718,517)	(44,724)	-	**(6,330,425)**
Cost of sales	(4,596,313)	(2,975,042)	(281,377)	(814,358)	-	**(8,667,090)**
Adjusted gross profit/(loss)	**45,477,769**	**(26,083,865)**	**(5,916,389)**	**77,602**	**-**	**13,555,117**
Other admin expenses	(4,029,522)	(1,774,189)	-	(4,091,014)	(19,639,283)	**(29,534,008)**
Adjusted operating profit/(loss)	**41,448,247**	**(27,858,054)**	**(5,916,389)**	**(4,013,412)**	**(19,639,283)**	**(15,978,891)**
Income tax expense						**(368,674)**
Exchange differences on translation of foreign operations						**19,281,832**
Total comprehensive income						**2,934,267**

4. Revenue and other income

(a) Revenue

	Notes	2023 £	2022 £
Management fees	(i)	**42,954,234**	50,090,889
Consumer revenue	(ii)	**-**	936,684
General Partner's Share	(iii)	**128,487**	97,041
Other revenue		**-**	212,068
		43,082,721	51,336,682

(i) The majority of the Group's revenues arise from the management fees products issued by CoinShares XBT Provider AB (publ) ('XBTP') and CoinShares Digital Securities Limited ('CSDSL'), in addition to its revenue share of the Block Index received by CoinShares Capital Markets (UK) Limited ('CSCMUKL').

(ii) The Group's subsidiary, CoinShares France ('CSF'), operated a range of consumer based programs offering cryptocurrency trading technology and resources, however this was ceased in January 2023.

(iii) Income is derived from the General Partner's share for services provided to CoinShares Fund II LP ('CSF2LP') (for which CoinShares GP II Limited ('CSGP2L'), a subsidiary in the Group, acts as General Partner), which in accordance with the Limited Partnership Agreement is one quarter of two percent of the capital deployed per quarter.

Accounting policies

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

The CSDSL management fee note program fee revenue is recognised on a daily basis, denominated in digital assets, by means of a reduction in the coin entitlement owing to the ETP holder. For the staking products with no fee, revenue arising from staking is also denominated in digital assets, with a portion of such proceeds owing to noteholders through increasing the coin entitlement. These revenues are converted on a regular basis into fiat in order to mitigate the risk of digital asset price fluctuations impacting upon revenues arising from CSDSL. There is no digital asset exposure risk attached to the revenue that remains held within the hedging assets between recognition and redemption.

The Group also earns revenue from the provision of investment management 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.

(b) Other operating income

	2023 £	2022 £
Fee rebates	**1,475,104**	5,459,170
Staking rewards and DeFi	**20,425,784**	8,041,736
Airdrop income	**77,024**	3,131,456
Other operating income	**1,469,435**	(5,384)
	23,447,347	16,626,978

Accounting policies

Other operating income relates to income earned that is not revenue. Other operating income is recognised when it is probable that it will be received by the Group.

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

5. Material profit or loss items

The Group has identified a number of items which it believes to be material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the performance of the Group.

	Notes	2023 £	2022 £
Management fees	4(a)	**42,954,234**	50,090,889
Staking rewards and DeFi	4(b)	**20,425,784**	8,041,736
Fair value gain/(loss) on investments through profit and loss	9(d)	**11,365,752**	(2,800,424)
Fair value loss on investments in joint ventures/ associates	9(e)	**(10,590,566)**	(2,149,611)
Goodwill impairment *(impairment charges)*	10(c)(i)	**-**	(5,473,525)
Provision for FTX balances *(impairment charges)*	9(g)	**60,160**	(25,492,017)
Terra/Luna de-pegging *(loss on digital assets)*		**-**	(18,360,079)

6. Other income and expense items

(a) Cost of sales

	2023 £	2022 £
Trading expenses	**1,494,707**	3,350,468
Issuer fees	**1,148,568**	1,004,073
Custody fees	**1,397,770**	1,365,500
Direct salary costs	**1,646,449**	1,266,456
Amortisation of Block Index	**1,563,972**	1,680,593
	7,251,466	8,667,090

01
02
03
04
05
06
07
08

Accounting policies

Cost of sales is considered to be the direct costs incurred by the Group in the process of earning revenue in addition to the ongoing straight-line amortisation charge against the Block Index intangible asset included within note 10(d). Any other costs incurred are recognised through administration expenses.

(b) Breakdown of administration expenses by nature

	2023 £	2022 £
Salary costs	**8,289,331**	10,075,504
Bonus accrual	**2,391,973**	755,538
Professional fees	**2,201,172**	3,484,387
Marketing	**2,582,142**	2,437,449
Legal fees	**765,124**	560,228
IT expenses	**1,928,391**	1,198,150
Depreciation of right of use assets	**1,221,439**	872,526
Depreciation of owned assets	**201,619**	240,683
Entertainment expense	**107,559**	181,256
Travel expense	**718,549**	597,753
Fees payable to the Company's auditor for the Group's current year financial statements	**397,500**	336,150
Fees payable to the Company's auditor for the Group's prior year financial statements	**3,500**	23,500
Other expenses	**594,206**	3,069,828
	21,392,505	23,832,952

(c) Finance income and costs

	2023 £	2022 £
Finance income from financial instruments measured at amortised cost:		
Interest from bank and broker deposits	**8,289,352**	1,615,666
Interest from other financial assets measured at amortised cost	**1,934,671**	11,301,225
	10,224,023	12,916,891

	2023 £	2022 £
Finance costs on financial instruments measured at amortised cost:		
Interest on other borrowings	**1,130,946**	3,306,828
Interest on amounts owed to brokers	**5,695,949**	3,009,380
Interest on lease liabilities	**75,124**	14,217
	6,902,019	6,330,425

01
02
03
04
05
06
07
08

7. Income tax expense

Corporation tax

	2023 £	2022 £
Current tax on results for the year	**573,670**	368,674
Taxation on ordinary activities	**573,670**	368,674

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

	2023 £	2022 £
(Loss)/profit on ordinary activities before income tax expense	**(452,552,807)**	520,584,738
Tax calculated at Jersey tax rate of 0% (2022: 0%)	**-**	-

Effects of:

	2023 £	2022 £
Tax calculated at Jersey tax rate for regulated financial service companies of 10% (incurred by CoinShares (Jersey) Limited ('CSJL'))	**48,596**	(23,796)
Tax calculated at Swedish tax rate of 22% (incurred by XBTP)	**17,670**	3,417
Tax calculated at UK tax rate of 23.52% (2022: 19%) (incurred by CoinShares (UK) Limited ('CSUKL'), Elwood Asset Management Services Limited ('EASML') and CSCMUKL)	**504,904**	484,609
Tax calculated at French tax rate of 26.5% (incurred by CSF)	**1,896**	(95,556)
Tax calculated at US tax rates (incurred by CoinShares Co. and CoinShares GP I LP)	**604**	-
Total tax charge for the year	**573,670**	368,674

Taxation for other jurisdictions is calculated at the various rates and laws substantively enacted on as at the reporting date.

Apart from the UK, there have been no changes in tax rates from the prior year. In the UK, the applicable tax rate was amended from 19% to 25% on 1 April 2023. Given that this is over 2 financial years for the Group, a blended tax rate has been calculated using the number of days falling in each tax year.

The current tax liability at the year end is £156,970 (2022: £235,814).

Accounting policies

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

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

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

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

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

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

NUMERICAL INFORMATION – STATEMENT OF FINANCIAL POSITION

8. Digital assets

	2023 £	2022 £
Non-current digital assets	**1,331,614**	111,978
Current digital assets	**2,375,850,359**	868,922,517
	2,377,181,973	869,034,495

(i) Digital assets	2023 Units	2022 Units	2023 £	2022 £
By Currency				
Bitcoin	**41,065**	28,308	**1,372,851,942**	387,768,139
Ethereum	**451,575**	451,734	**816,970,454**	447,248,857
Other digital assets			**187,359,577**	34,017,499
			2,377,181,973	869,034,495

	2023 £	2022 £
By Venue		
Custodian	**1,678,952,130**	772,807,015
Custody Platform	**590,266,296**	74,704,515
Exchange	**103,937,400**	20,368,749
Local cold storage	**4,026,147**	1,154,216
	2,377,181,973	869,034,495

Measurement of digital assets

Digital assets that are freely tradeable are measured at fair value and have been classified as Level 1 in accordance with the IFRS fair value hierarchy. Price movements are recognised at fair value through profit and loss or through other comprehensive income, as outlined below within the digital asset accounting policies section of this note. A reconciliation of movements in digital assets is also shown below.

Purpose of holdings

The majority of the digital assets are held in respect of hedging the certificate liability arising from the issuance of ETPs by XBTP and as collateral for the issuance of ETPs issued by CSDSL. However, a portion of digital assets held by the Group do not form part of its hedging/collateral obligations. Of the £2,377,181,973 (2022: £869,034,495) of assets held, £31,122,973 (2022: £2,251,032) do not form part of the hedge.

Location of assets

The majority of the Group's digital assets are held with regulated digital asset custodians or staked through certain providers. In the case of the latter, the private keys for these holdings are retained by the Group which mitigates counterparty risk. In order to mitigate the potential for increased counterparty risk arising from assets held on exchange, the Group relies on a range of monitoring procedures which are detailed in note 13(b).

As at 31 December 2023, the balance of £103,937,400 (2022: £20,368,749) was held at 14 locations. The level of overall current assets held on exchange (represented by both digital assets and also cash balances) as at 31 December 2023 was 4% (2022: 2%).

	2023 £	**2022 £**
Opening position	**869,034,495**	**2,764,318,368**
Net purchases/(sales) of digital assets	272,306,887	(358,800,843)
Fair value gains/(losses) on digital assets through profit and loss	787,050,987	(1,226,595,255)
Fair value gains/(losses) on digital assets through OCI	499,566,125	(539,108,506)
Translation of holdings in USD denominated subsidiaries	(50,776,521)	229,220,731
Closing position	**2,377,181,973**	**869,034,495**

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

	2023 £	**2022 £**
Level 1 digital assets	**2,375,850,359**	868,777,452
Level 2 digital assets	**1,331,614**	257,043
	2,377,181,973	869,034,495

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

Accounting policies

Digital assets are accounted for as intangible assets under the revaluation model. After initial recognition, an intangible asset shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses.

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

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

- Digital assets which are freely tradeable and for which there is an active market are valued using unadjusted quoted prices, or an average of unadjusted quoted prices, taken from active markets. As such, these digital assets are classified as Level 1 in the fair value hierarchy;
- Digital assets that are subject to lock-up and not freely tradeable are valued using quoted prices discounted for a lack of liquidity. As such these digital assets have been classified as Level 2 in the fair value hierarchy. At the point when such digital assets become freely tradeable, they are reclassified as Level 1 in the fair value hierarchy and accounted for in line with other digital assets;
- In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The directors' assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and it considers factors specific to the asset;
- Increases in the fair value of digital assets are recognised in other comprehensive income, unless the increase reverses a revaluation loss previously recognised in profit and loss, in which case such an amount is recognised in profit and loss;
- A decrease in the carrying value of a digital asset as a result of a revaluation loss is recognised in other comprehensive income to the extent that it reverses gains previously recognised in other comprehensive income. If a revaluation loss exceeds the accumulated gains recognised in equity in respect of digital assets, the excess is recognised in profit and loss; and
- Digital assets are derecognised when the Group has transferred substantially all the risks and rewards of ownership on disposal. On disposal of digital assets, any cumulative gain previously recognised in other comprehensive income and accumulated in the revaluation reserve, is transferred to retained earnings.

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

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

Within CoinShares Capital Markets (Jersey) Limited ('CSCMJL'), Bitcoin and Ethereum are valued by the Company based on the average price of the three most liquid exchanges as defined in the XBTP prospectus at the date of valuation. The valuation takes place daily at 08:00-12:00 (UTC) for Bitcoin, where the value is calculated as the unweighted average price between the Bitcoin exchanges of the weighted average price for the period of each underlying exchange (separately). For Ethereum the valuation takes place daily at 16:00 (UTC). Although these valuations are ultimately derived from a number of sources, the sources themselves are unadjusted and would each represent a Level 1 classification within the fair value hierarchy. As such, these holdings have been classified as Level 1. Should the average price of the three exchanges utilised show a material difference to any of the prices from an individual exchange, the classification of these assets as Level 1 would be reassessed.

CSCMJL also holds perpetual and futures contracts both referencing and settled in digital assets. The gains or losses arising from these contracts are classified as digital assets due to both the nature of settlement and liquidity profile of such gains and losses operating in the same manner of digital assets held on exchange. Due this classification, such gain/loss is remeasured using the average price on the three most liquid exchanges. These contracts are held for the same purpose as the majority of the companies digital assets, being the hedging the Company's liability to certificate holders of the products issued by XBTP. As such, the value of the contracts is adjusted to reflect their valuation on the same basis and at the same time as the certificate liability.

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

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

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

Critical judgement - accounting treatment of digital assets

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

9. Financial assets and liabilities

The table below sets out the financial assets and liabilities held by the Group.

	Notes	2023 £	2022 £
Current financial assets			
Cash and cash equivalents	9(c)	**25,507,944**	134,768,902
Trade and other receivables	9(a)	**2,241,203**	1,458,179
Other current assets	9(b)	**266,093,775**	177,565,926
		293,842,922	313,793,007

	Notes	2023 £	2022 £
Non-current financial assets			
Trade and other receivables	9(a)	**328,614**	806,052
Other non-current assets	9(b)	**2,211,742**	1,968,199
		2,540,356	2,774,251

	Notes	2023 £	2022 £
Current financial liabilities			
Amounts due to brokers	9(c)	**(669,402)**	-
Trade and other payables	9(g)	**(5,612,218)**	(3,969,783)
Other current liabilities	9(i)	**(108,940,878)**	(27,116,746)
		(115,222,498)	(31,086,529)

	Notes	2023 £	2022 £
Non-current financial liabilities			
Non-current loans	9(i)	**(23,145,127)**	(21,433,967)
		(23,145,127)	(21,433,967)

Movements in financial assets and financial liabilities

The financial assets and liabilities held by the Group are subject to price movements which result in operating gains or losses. These movements are predominantly in relation to the digital asset ETPs issued by third parties and held by the Group as part of the XBTP hedging assets (note 9(b)).

The table below sets out the other operating gains/(losses) through profit and loss arising from these movements.

	2023 £	2022 £
Gain/(loss) on digital asset ETPs	**135,959,647**	(660,389,251)
Gain on digital asset payables/receivables	**35,568,047**	22,022,880
Gain on derivatives	**17,180,194**	8,866,308
Gain/(loss) on other operating activities	**130,003**	(254,630)
	188,837,891	(629,754,694)

Accounting policies

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

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.

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

Subsequent measurement
Subsequently the Group's financial assets are classified into several categories:

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

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

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

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

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

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

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

01
02
03
04
05
06
07
08

Impairment of financial assets measured at amortised cost

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

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

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

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

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

For trade receivables, expected credit losses are measured by applying a simplified method using a provision matrix. 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. Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

Derecognition of financial assets

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

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

Financial liabilities

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

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

Subsequent measurement
Subsequently the Group's financial liabilities are classified into two categories:

- Financial liabilities measured at amortised cost; and
- Financial liabilities measured at fair value through profit or loss ('FVTPL').

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

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

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

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

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

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

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

Derecognition of financial liabilities

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

(a) Trade receivables

	Notes	2023 £	2022 £
Current			
Accounts receivable		**1,323,766**	390,349
Amounts owed by related parties	(i)	**33,875**	32,450
Deposits paid		**118,944**	124,667
Prepayments		**591,433**	473,964
VAT receivable		**173,185**	436,749
Total current		**2,241,203**	1,458,179
Non-current			
Deposits paid		**305,335**	52,969
Deferred tax		**23,279**	753,083
Total non-current		**328,614**	806,052
Total trade receivables		**2,569,817**	2,264,231

(i) Amounts owed by related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand. See note 19 for related party transaction disclosures.

Expected credit losses

Credit risk is considered as part of the risk disclosures in note 13(b). Management has undertaken a review of the credit loss and calculated that the risk of credit loss to be minimal. When calculating the value of this, the amount was considered insignificant to the Group.

Management regularly review this position to ensure that this is reasonable for the Group.

(b) Other assets

	Notes	2023 £	2022 £
Current			
Digital asset ETPs and funds	(i)	**211,384,245**	96,788,146
Other assets	(ii), (iv)	**54,709,530**	80,777,780
Total current		**266,093,775**	177,565,926
Non-current			
Loans receivable	(iii)	**1,469,196**	1,968,199
Other assets	(iv)	**742,546**	-
Total non-current		**2,211,742**	1,968,199
Total other assets		**268,305,517**	179,534,125

(i) Digital asset ETPs and funds held as at year end totalled £211,384,245 (2022: £96,788,146). These holdings are used to provide exposure to digital assets and are held as a part of the Group's collateral management obligations.

The table below shows a reconciliation between the opening and closing position of the Group's digital asset ETPs and funds holdings.

	2023 £
Opening position	**96,788,146**
Net additions and transfers	87,584,384
Net disposals and transfers	(99,519,032)
Net movement	**(11,934,648)**
Realised gain	41,353,275
Unrealised gain	94,606,372
Net gain	**135,959,647**
Exchange differences	(9,428,900)
Closing position	**211,384,245**

(ii) The majority of current other assets represent digital asset lending balances to small number of counterparties totalling £49,146,747.

Credit risk in relation to these lending balances is considered as part of the risk disclosures in note 13(b). No provision for expected credit losses has been applied to these lending amounts.

(iii) This balance predominantly comprises a convertible loan note issued to Finrate AG ('Finrate') on 14 October 2021 for a principal amount of CHF750,000 in October 2021 for a term of 24 months (£595,181).

(iv) The Group held a 16% shareholding in SBG 1320 LLC ('SBG'). During the year SBG underwent some restructuring which has resulted in SBG receiving cash payments which will ultimately be paid onto its shareholders. These payments have been recognised in current and non-current assets according to the time in which it is expected to be received. £589,182 has been recognised as a current asset, and £742,546 as a non-current asset.

(c) Cash and cash equivalents

	Notes	2023 £	2022 £
Cash at bank		**6,660,753**	26,567,599
Amounts due from brokers	(i)	**16,270,974**	98,128,995
Amounts due from exchanges		**2,576,217**	10,072,308
		25,507,944	134,768,902
Amounts due to brokers	(ii)	**(669,402)**	-
Total cash and cash equivalents		**24,838,542**	134,768,902

	2023 £	2022 £
(i) Due from brokers		
Interactive Brokers	**11,952,502**	22,839,202
Marex Capital	**4,305,194**	71,546,706
Marex Prime	**-**	3,729,405
Mangold	**13,278**	13,682
	16,270,974	98,128,995
(ii) Due to brokers		
Marex Prime Services	**(669,402)**	-
	(669,402)	-

Amounts due from/to brokers and amounts due from exchanges represent cash held by/payable to brokers and exchanges and are classified as cash and cash equivalents. Amounts payable from/to brokers accrue interest. The Company has the right and ability to settle its obligations with brokers on a net basis.

Accounting policies

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 from inception.

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.

Amounts due from/to exchanges

Amounts due from/to exchanges represents cash receivables from/payable to exchanges in relation to digital assets transactions and are classified as basic financial assets/liabilities.

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.

(d) Investments in third parties

	Investments in Joint Ventures & Associates £	Investments in Listed Equities £	Other Investments Through P&L £	Other Investments Through OCI £	Total £
At 31 December 2022	30,403,894	236	9,327,835	5,279,885	**45,011,850**
Additions	-	-	480,638	-	**481,546**
Disposals	-	-	(1,493,024)	-	**(1,493,024)**
Fair value gain through profit and loss	-	375	11,250,135	-	**11,249,602**
Fair value gain through other comprehensive income	-	-	-	149,182	**149,182**
Share of associate and joint venture losses	(7,678,357)	-	-	-	**(7,678,357)**
Exchange differences through profit and loss	(2,912,209)	-	115,617	-	**(2,796,592)**
At 31 December 2023	**19,813,328**	**611**	**19,681,201**	**5,429,067**	**44,924,207**

	31 December 2022 £	Additions/ (Disposals) £	Investment Gain/(Loss) £	Transfers between levels £	31 December 2023 £
Level 1 Investments	236	-	375	-	**611**
Level 2 Investments	5,279,885	-	149,182	-	**5,429,067**
Level 3 Investments	9,327,835	(1,011,478)	11,364,844	-	**19,681,201**
Total investments held at fair value	14,607,956	(1,011,478)	11,514,401	-	**25,110,879**
Associates	30,403,894	-	(10,590,566)	-	**19,813,328**
Total investments valued using the equity method	30,403,894	-	(10,590,566)	-	**19,813,328**
Total investments	**45,011,850**	**(1,011,478)**	**923,835**	**-**	**44,924,207**

For the balance of £19,681,201 which represents investments classified as Level 3 within the fair value hierarchy, the following table summarises the quantitative information about the significant inputs used.

Description	Fair value (i) £	Unobservable inputs	Input amount	Input range
Unlisted equities not held at cost	19,681,201	Discount factor on price of recent investment	0%	-20% to 0%

(i) Decreasing all inputs to the lowest points of the given ranges would decrease fair value as at 31 December 2023 by £3,936,240.

Increasing all inputs to the highest point of the given ranges would result in no change to the fair value as at 31 December 2023.

Accounting policies

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

Simple Agreements for Future Tokens/Equity
Such agreements outline the delivery of digital assets (referred to as Tokens ('SAFTs'), equity ('SAFEs') or a combination thereof ('SAFTEs')) to the Group either on a specified date or following the occurrence of a defined event. These agreements are initially recognised at fair value as of the date they are entered. SAFTs are classified as digital asset receivables and are subsequently measured at fair value as described in note 8. SAFEs are classified as financial assets through profit and loss, and further detail on the Group's fair value accounting policy can be found in note 22. In cases where the Group holds SAFEs with hybrid elements, these are evaluated separately based on their risks and characteristics.

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

Key accounting estimate and assumption

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

(e) Investments in associates

The Company's investments in associates which form part of the Group as at 31 December 2023 are as follows:

Name	Investee Relationship	Ownership	Jurisdiction	Date of Initial Investment
Gold Token SA	Associate	22.54%	Switzerland	08/08/2018
FlowB Holding Switzerland SA	Associate	26.75%	Switzerland	02/10/2021

The entities listed above have share capital consisting solely of ordinary shares, which are held directly by the Group. The jurisdiction is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

The Group held a 22.54% position in Gold Token SA ('GTSA') throughout the year and continues to value it under the equity method. As a result, the Group recognised a loss on associates of £216,967 (2022: £143,249) in relation to GTSA's performance during the year and the carrying value as at 31 December 2023 is £58,031 (2022: £274,998).

The Group held a 26.75% position in FlowB Holding Switzerland SA (FlowBank) throughout the year. Following the recognition of FlowBank's performance for the year under the equity method, the Group recognised a loss on associates of £10,373,599 (2022: £1,775,453) and the carrying value as at 31 December 2023 stands at £19,755,297 (2022: £30,128,895).

The following tables provide unaudited summarised financial information for FlowBank, which is considered material to the group. The information disclosed reflects the amounts presented in the financials statements of the associate and not the Group's share of those amounts. They have been amended to reflect adjustments made by the Group when applying the equity method, including fair value adjustments and modifications for differences in accounting policy.

FlowBank's unaudited statement of comprehensive income for the year ended 31 December 2023:

	2023 £	**2022 £**
Revenue	**3,917,708**	835,604
Loss after tax	**(26,489,600)**	(10,455,626)
Total comprehensive loss	**(26,489,600)**	(10,455,626)
Our share of total comprehensive loss	**(7,461,390)**	(1,786,409)

FlowBank's unaudited statement of financial position:

	2023 £	**2022 £**
Current assets	**577,858,629**	139,648,308
Non-current assets	**19,315,839**	7,309,289
Total assets	**597,174,468**	146,957,597
Current liabilities	**(582,782,137)**	(122,727,107)
Total liabilities	**(582,782,137)**	(122,727,107)
Net assets	**14,392,331**	24,230,490

Reconciliation of FlowBanks carrying value:

	2023 £	**2022 £**
Opening net assets	**24,230,490**	24,783,303
Loss for the period	**(26,489,600)**	(10,455,626)
Capital contributions	**12,604,438**	8,584,414
Exchange differences	**4,047,003**	1,318,399
Closing net assets	**14,392,331**	24,230,490
Our share of FlowBank's net assets (26.75%)	**4,074,469**	6,859,652
Deemed goodwill	**15,680,828**	23,269,931
Carrying amount of interest in associate	**19,755,297**	30,129,583

01

02

03

04

05

06

07

08

Accounting policies

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

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

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

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

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

(f) Certificate liability

	31 December 2023 Number	31 December 2022 Number	31 December 2023 £	31 December 2022 £
Certificate type				
Bitcoin Tracker One	**3,468,999**	3,623,578	**537,280,975**	212,792,525
Bitcoin Tracker Euro	**432,477**	459,701	**666,988,025**	266,534,307
Ether Tracker One	**15,309,343**	16,649,235	**255,254,209**	146,946,227
Ether Tracker Euro	**2,487,963**	2,774,973	**413,056,557**	242,649,103
CoinShares Physical Bitcoin	**9,339,130**	4,948,800	**301,998,264**	66,880,637
CoinShares Physical Ethereum	**1,718,953**	1,212,286	**91,269,305**	35,727,952
CoinShares Physical Litecoin	**401,500**	212,500	**4,470,073**	2,416,053
CoinShares Physical XRP	**874,300**	434,800	**16,404,468**	4,840,826
CoinShares Physical Staked Polkadot	**557,500**	257,500	**4,084,656**	980,519
CoinShares Physical Staked Tezos	**564,000**	453,000	**2,415,298**	1,402,567
CoinShares Physical Staked Solana	**3,652,100**	758,100	**31,071,177**	650,566
CoinShares Physical Chainlink	**3,111,000**	715,000	**3,652,266**	329,077
CoinShares Physical Uniswap	**2,310,000**	910,000	**1,336,096**	384,530
CoinShares Physical Staked Cardano	**22,705,000**	8,265,000	**11,272,945**	1,764,189
CoinShares Physical Staked Cosmos	**374,500**	193,000	**1,724,979**	774,317
CoinShares Physical Staked Polygon	**568,500**	195,000	**4,758,310**	1,277,325
CoinShares Physical Staked Algorand	**2,161,000**	245,000	**3,939,541**	356,770
CoinShares Physical Top 10 Crypto Market	**25,000**	-	**346,970**	-
CoinShares Physical Smart Contract Platform	**10,000**	-	**151,409**	-
			2,351,475,523	986,707,490

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

Reconciliation of certificates

	£
At 31 December 2022	**986,707,490**
Movement on certificate liability	1,470,485,132
Management fees	(41,557,412)
Movement from net issuance/redemption	(64,159,687)
At 31 December 2023	**2,351,475,523**

Accounting treatment of ETPs
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.

(g) Trade and other payables

	2023 £	2022 £
Current		
Accounts payable	**1,004,360**	1,081,702
Accrued liabilities	**4,607,858**	2,888,081
Total trade payables	**5,612,218**	3,969,783

01
02
03
04
05
06
07
08

(h) Impairment reversals/(charges)

On 11 November 2022, the world's third largest cryptocurrency exchange, FTX Trading Ltd. ('FTX'), filed for Chapter 11 bankruptcy protection in the United States. The Group held digital assets and US Dollars with FTX amounting to a total exposure of £25,492,017 million. As a result of significant uncertainty surrounding the recoverability of these assets, an impairment loss was recognised in respect of the Group's exposure. Further details of the Group's claim over these assets are included in note 17.

In 2023 £60,160 of this impairment loss was reversed in relation to the replacement of certain tokens that had been held at FTX under the terms of a token delivery agreement.

(i) Other current liabilities and loans

	Notes	2023 £	2022 £
Reyl loan	(i)	**23,145,127**	22,152,484
Kingdom Trust		**-**	9,572,412
Solana seed	(ii)	**92,117,829**	9,588,974
OTC Trades	(iii)	**7,761,682**	4,307,428
Algorand Foundation	(iv)	**2,734,526**	2,039,791
STX loan		**-**	357,467
FlowBank SA		**-**	273,312
Other borrowings		**54,306**	258,845
Amounts due to exchange	(v)	**5,335,392**	-
Fund liabilities to external investors	(vi)	**937,143**	-
		132,086,005	48,550,713
Payable within one year		**108,940,878**	27,116,746
Payable in more than one year		**23,145,127**	21,433,967

(i) The Group has a loan balance to Reyl & Cie Ltd ("Reyl Bank") in the sum of CHF 24,740,000 (£23,097,200) (2022: CHF 24,740,000 (£22,115,017)) plus accrued interest of CHF 51,336 (£47,927) (2022: CHF 41,914 (£37,467)). The loan bears interest at a rate equal to the interest base rate SARON 1 to 3 months, that cannot fall below 0% per annum, plus a credit margin of 2.25% and internal costs of the Bank for making the liquidity available to the Group during the entire loan duration with a minimum of 0.20% per annum. The ultimate maturity date of the loan is 10 March 2027.

The Group holds assets with Reyl Bank in the form of authorised unissued ETP certificates that amounted to a market value as at 31 December 2023 of £285,696,472 (2022: £124,585,188), a portion of which will stay with Reyl Bank until the loan balance has been fully settled. Custodial fees of 0.08% on the average value of the portfolio during the period are charged by Reyl Bank on a quarterly basis on the ETP certificates provided.

(ii) The balance represents the value of 10,000,000 certificates in CoinShares Physical Staked Solana which are held by the Group on behalf of a third party who contributed 1,000,000 SOL of seed capital to the product. This amount is hedged in full by physical Solana within CSDSL.

(iii) The balance represents the sterling equivalent value of OTC liabilities in the course of settlement at the balance sheet date. This balance is hedged by digital assets held.

(iv) The balance represents the value of 1,500,000 certificates in CoinShares Physical Staked Algorand which are held by the Group on behalf of a third party, who contributed 15,000,000 ALGO of seed capital to the product. This balance is hedged by digital assets held.

(v) Amounts due to exchanges balances due to exchanges as at year end that are settled in digital assets.

(vi) Fund liabilities due to external investors arise from investments made by third parties into the Group's Bitcoin and Ethereum Integrated Strategies Funds ('BIS' and 'EIS' respectively) which currently are consolidated within the Group until such a time as they garner sufficient inflow to trigger deconsolidation.

10. Non-financial assets and liabilities

(a) Property, plant and equipment

	Right-of-use property assets £	Furniture and Fittings £	Office Equipment £	Total £
Cost				
At 31 December 2022	2,919,836	645,753	551,146	**4,116,735**
Additions	3,008,294	47,328	61,658	**3,117,280**
Disposals	(2,906,691)	(1,143)	(57,013)	**(2,964,847)**
Exchange differences	(13,145)	-	(5,715)	**(18,860)**
At 31 December 2023	**3,008,294**	**691,938**	**550,076**	**4,250,308**
Accumulated depreciation				
At 31 December 2022	1,388,614	496,858	295,401	**2,180,873**
Charge for the year	1,221,439	75,293	126,326	**1,413,058**
Disposals	(2,328,814)	(1,143)	(70,789)	**(2,400,746)**
Exchange differences	(6,119)	-	(2,310)	**(8,429)**
At 31 December 2023	**265,120**	**571,008**	**348,628**	**1,184,756**
Net book value				
At 31 December 2023	**2,743,174**	**120,930**	**201,448**	**3,065,552**
At 31 December 2022	1,531,222	148,895	255,745	1,935,862

Accounting policies

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

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

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:

All right-of-use assets for the periods reported relate to property rights obtained as part of lease arrangements (see note 10(b)).

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

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

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

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.

Key accounting estimate

Useful life of property, plant and equipment
The Group has property, plant and equipment assets that are depreciated over their useful lives. The useful life has been estimated based on expected use of the asset.

(b) Leases

Lease commitments for short-term leases at 31 December were as follows:

	2023 £	2022 £
Serviced office lease	**190,737**	41,320
	190,737	41,320

The group entered into a short-term lease contract for an office in Paris on 5 July 2023 for one year commencing from November 2023. This agreement has replaced the financing lease arrangements in place for offices in Paris discussed below. The total expense relating to short-term leases for the year was £166,734 (2022: £81,108).

The maturity of gross contractual undiscounted cash flows due on the Group's lease liabilities is set out below based on the period between 31 December 2023 and the lease maturity date.

	Less than 1 year £	1 to 5 years £	Over 5 years £	Total at 31 December 2023 £
Jersey property leases	201,835	911,664	-	**1,113,499**
London property leases	504,796	1,729,335	-	**2,234,131**
	706,631	**2,640,999**	-	**3,347,630**

The Group leased the second and third floors of a property for its operations in Jersey, and two properties for its operations both in London and Paris during the period. The movement in right-of-use assets obtained as a result of lease arrangements and their associated depreciation charges are disclosed in note 10(a).

The lease for the second floor of the property in Jersey commenced on 1 January 2019 and was voluntarily concluded on 1 June 2023. The lease for the third floor commenced on 1 December 2017 and was also terminated on 1 June 2023, the contractual lease end date. The Group has agreed to continue to rent the same office space under a new lease which commenced on 2 June 2023. The new lease has a term of six years and break clause options at the end of year 2 and 4; the Directors have no intention of exercising either option at the transition date. Accounting for both leases is therefore on the basis of future cash flows on rental payments up to the contractual lease end date of 1 June 2029.

On 4 September 2023 the Group ended an agreement with Brevan Howard Asset Management LLP for the underlease of 82 Baker Street, London, W1U 6TE. The Group entered into a new lease at 3 Lombard Street, London EC3V 9AQ on 2 August 2023. The lease term is five years, commencing on 2 August 2023 and with an end date of 1 August 2028.

The Group leased two offices in Paris during the year, 11 rue Paul Lelong, from the point of acquisition of CSF in 2021 and 25 rue du 4 Septembre from 1 August 2022, with a contractual end dates of 4 April 2023 and 31 August 2023 respectively. Both leases were terminated during the period and CSF has since entered into a short-term lease which is discussed above.

Changes in liabilities arising from financing activities

	Jersey property leases £	London property leases £	Paris property leases £	Total £
At 31 December 2022	**101,062**	**882,770**	**352,655**	**1,336,487**
Additions	1,061,901	1,946,393	-	**3,008,294**
Disposals	(92,374)	(262,751)	(348,200)	**(703,325)**
Repayments	(122,016)	(622,203)	-	**(744,219)**
Interest expense	30,934	44,189	2,743	**77,866**
Exchange differences	-	-	(7,198)	**(7,198)**
At 31 December 2023	**979,507**	**1,988,398**	**-**	**2,967,905**

The Group has an operating lease arrangement in which it acts as a lessor in relation to office space sub-leased to a related party. The lease agreement includes a 2 month break clause option which is exercisable by either party.

Maturity analysis of operating lease payments:

	2023 £	2022 £
Within one year	**22,000**	22,000
	22,000	22,000

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

	2023 £	2022 £
Operating lease rental income	**132,000**	132,000
	132,000	132,000

Accounting policies

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. Low-value leases are deemed to be leases under £50,000.

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

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

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

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

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

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

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

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

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

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

The Group as lessor

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

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

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

Critical judgement

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 within notes 10(a) and 10(b) respectively.

(c) Goodwill

	£
Cost	
At 31 December 2022	6,417,009
Exchange differences	(1,977)
At 31 December 2023	**6,415,032**
Accumulated impairment losses	
At 31 December 2022	5,473,525
Loss for the year	-
At 31 December 2023	**5,473,525**
Net book value	
At 31 December 2023	**941,507**
At 31 December 2022	943,484

Goodwill impairment charges and reversal of impairment charges are recognised in administrative expenses in the statement of comprehensive income.

The carrying value of goodwill has been allocated to Cash Generating Units ('CGUs') as follows:

	2023 £	2022 £
CoinShares AM - AMF regulatory status	**903,573**	903,573
CoinShares Co - broker/dealer license	**37,934**	39,911
	941,507	943,484

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. Goodwill is impaired if the recoverable amount falls below the carrying amount of the CGU in question.

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

For CoinShares Asset Management ('CSAM'), the goodwill amount of £903,573 relates to the value of the regulatory licenses held by the Group's French entities. No impairment charge has been made during the year due to the retention of the license and the estimated cost to replace.

For CoinShares Co, the recoverable amount is considered to be reasonable due to the value in use of relevant broker/dealer licenses being justifiable, and should the license be relinquished the costs involved in replacing this would be in excess of this amount.

01
02
03
04
05
06
07
08

Accounting policies

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

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

(d) Other intangible assets

	Fee Generating Contracts £	Software £	Website Domains and Trademarks £	Total £
Cost				
At 31 December 2022	12,180,776	880,298	209,769	**13,270,843**
Additions	-	1,185,665	9,398	**1,195,063**
Disposals	-	(85,225)	(206,265)	**(291,490)**
Exchange differences	-	(6,676)	-	**(6,676)**
At 31 December 2023	**12,180,776**	**1,974,062**	**12,902**	**14,167,740**
Accumulated amortisation				
At 31 December 2022	2,125,727	86,184	10,484	**2,222,395**
Charge for the year	1,563,972	221,850	1,743	**1,787,565**
Additions	-	12,325	109	**12,434**
Disposals	-	(35,279)	(10,015)	**(45,294)**
Exchange differences	230,115	244,014	-	**474,129**
At 31 December 2023	**3,919,814**	**529,094**	**2,321**	**4,451,229**
Net book value				
At 31 December 2023	**8,260,962**	**1,444,968**	**10,581**	**9,716,511**

Accounting policies

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

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

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.

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

Amortisation is provided on the following basis:

• Fee generating contracts	10 years
• Software	3-5 years
• Website domain names and trademarks	10 years

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

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

Amortisation has been included within administrative expenses.

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

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

Impairment of non-financial assets

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

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

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

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

Key accounting estimate

Useful life of intangible assets
The Group has intangible assets that are amortised over their useful lives. The useful life has been estimated based on expected obsolescence of the assets that are amortised.

11. Equity

(a) Share capital and premium

	Allotted, called-up and fully paid			
	2023 Number	**2022 Number**	**2023 £**	**2022 £**
Shares classified as equity				
Ordinary shares of £0.000495 each	**68,013,771**	68,213,821	**33,667**	33,766
	68,013,771	68,213,821	**33,667**	33,766

	2023 £	**2022 £**
Share premium	**30,690,938**	30,781,210
	30,690,938	30,781,210

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

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

Movements in share capital

	Share Capital		Share Premium
	Number	**£**	**£**
As at 31 December 2022	**68,213,821**	**33,766**	**30,781,210**
Share cancellation - 11 January 2023	(78,396)	(39)	(35,376)
Share cancellation - 31 August 2023	(121,654)	(60)	(54,896)
As at 31 December 2023	**68,013,771**	**33,667**	**30,690,938**

The Group purchased 1,597,706 (2022: 78,396) shares on the public market for a total consideration of £4,216,180 (2022: £228,383) for the purposes outlined at the Group's last AGM. The shares are held in the Treasury Share Reserve, included within other reserves (note 11(b)), until they are cancelled or sold back to the market.

Accounting policies

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

During the year, the Company undertook a purchase of its own shares already in issue. The consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the owners as treasury shares until the shares are cancelled or reissued.

(b) Other reserves

Included within other reserves in the Group are the following:

	Revaluation Reserve £	Foreign Exchange Translation Reserve £	Share Option Reserve £	Treasury Share Reserve £	Total £
At 31 December 2022	**-**	**19,331,359**	**3,033,296**	**(228,383)**	**22,136,272**
Exchange differences on translation of foreign operations	499,715,307	(8,192,795)	-	-	**491,522,512**
Share based payments	-	-	1,324,818	-	**1,324,818**
Share buybacks	-	-	-	(4,216,180)	**(4,216,180)**
Share cancellations	-	-	-	551,399	**551,399**
Share options exercised	-	-	(5,863)	13,530	**7,667**
Share option liquidations	-	-	(28,277)	-	**(28,277)**
Transfers to retained earnings	(57,188,124)	-	-	-	**(57,188,124)**
At 31 December 2023	**442,527,183**	**11,138,564**	**4,323,974**	**(3,879,634)**	**454,110,087**

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

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

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

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

01
02
03
04
05
06
07
08

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

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

Treasury share reserve
The treasury share reserve represents the considerations paid by the Group to repurchase its own shares until such a time that the shares are cancelled or sold back to the market.

RISK

12. Critical estimates, judgements and errors

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 significantly from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

(a) Critical Judgements

Accounting treatment of digital assets - note 8
Accounting treatment of ETPs - note 9(f)
Measurement of IFRS 16 lease liabilities and right-of-use assets - note 10(b)

(b) Key accounting estimates and assumptions

Valuation of investments - note 9(d)
Useful life of property, plant and equipment - note 10(a)
Useful life of intangible assets - note 10(d)
Share based payment costs - note 20

13. Financial risk management objectives and policies and capital management

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

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

(a) Market risk

i) Currency risk

The Group seeks to mitigate currency risk, primarily experienced within its subsidiary CSCMJL. CSCMJL automatically converts amounts received in EUR and SEK from the sale of certificates by investors to US$. US$ is the functional currency of CSCMJL which automatically converts US$ to EUR and SEK as required to facilitate the redemption of notes. From time to time CSCMJL may hold small currency balances in currencies other than US$ to facilitate operational expenses and occasionally holds EUR on a temporary basis for the purchase of digital assets. On the basis of the above information, the Group believes currency risk is not material. Currency risk in CSCMJL represents the most significant area of risk for the Group as a whole. However, given the functional and presentational currency of the Group is Pound Sterling, additional foreign currency movements arise on consolidation and with equity accounting of its foreign operations (as defined under IAS21) which result in movements through other comprehensive income.

ii) Interest rate risk

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

The Group has entered into a loan arrangement with a variable interest rate based on the base rate SARON 1 to 3 months. The directors have determined that as there is one loan, that this risk of the interest rate moving against the Group is acceptable. The loan renews for periods of 12 months at a time, so if the risk were determined to be too great, the Group could exit the arrangement, using other assets to pay the loan if necessary.

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

The directors have considered the impact of movements in the SARON 1 to 3 months interest base rate. A 5% increase/decrease in the base rate would increase/decrease the Group's annual interest cost in relation to the Reyl Loan to approximately £980,427 (CHF 1,078,046)/£887,053 (CHF 975,375) (2023 actual £885,720 (CHF 988,074)) and does not create any going concern issues.

iii) Digital asset price risk

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

To mitigate its exposure to changes in prices of digital assets, any exposure to changes in prices on the digital assets held is matched by the changes in value of the obligations to security holders. The Group does hold some strategic digital asset balances for its own account over and above the amounts required to hedge its obligations. Movement in digital asset prices is illustrated in the sensitivity analysis presented in note 13(e).

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

iv) Risk of access to banking services

The banking landscape and availability of banking partners for participants within the digital asset industry is ever-evolving, as has been evidenced by events following the financial year end. The Group has a variety of banking partners and is continually seeking additional, suitable partners to further mitigate the risk of over-reliance on a single or limited number of counterparties.

The operations of the Group are reliant on the availability of efficient payment rails, particularly in the requirement to perform the hedging activities associated with the Group's XBTP ETPs. No issues have arisen to date arising from banking capabilities that have proven to have a significant operational impact on the Group, and the continued expansion of our banking relationships is designed to ensure that this remains the case as we continue to grow.

(b) Credit risk

Credit risk is the risk that an issuer, counterparty or exchange will be unable or unwilling to meet a commitment, obligation under a financial instrument or contract that it has entered into with the Group, leading to a financial loss, or lack of liquidity and restriction of access to the Group's assets. The Group is exposed to credit risk due to the range of counterparties with which it is required to interact.

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

Digital assets and exchanges

Digital asset activity has an inherent credit risk due to the nature of the industry, which is non-regulated, extremely volatile, has low barriers to entry and is vulnerable to bad actors. The Group has implemented a range of controls, policies and procedures around the trading and holding of digital assets on exchange, and ultimately the Group now holds a significant amount of digital assets with digital asset custodians 70% (2022: 85%). Additional measures undertaken by the Group include enhanced on-boarding, compliance and risk reviews and/or utilising exchanges which are audited and report sufficient liquid positions (LMAX and Coinbase). This is designed to ensure only reputable, long-standing and mature exchanges are used.

Financial instruments and cash deposits

Credit risk from balances with banks, brokers and financial institutions is managed, monitored and controlled by the finance department in accordance with Group policy. Transactions that involve surplus cash inflows and outflows are only with approved counterparties and brokers within credit limits that have been agreed between the parties. The credit limits are reviewed by the compliance team and agreed upon by the Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss. Furthermore, regular risk reviews are performed over the use of the banks and brokers to manage credit risk.

Transactions that expose the Group to the risk that the counterparty will not deliver the asset (purchase) or cash (sale) after the Group has fulfilled its responsibilities, is managed through brokers which have been approved by the Group as acceptable counterparties.

The Group also has receivables as a result of loans. The Company only enters into loans with reputable counterparties and in the case of digital asset loans these are all recallable on demand. The Company therefore does not expect to incur material losses with these loans.

The Group undertakes transactions with counterparties that may expose it to the risk that the counterparty will not deliver from their side, for example in the cases of sales (cash), purchases (assets) or equivalent loans. The Group mitigates this by reviewing counterparties before transactions occur, and determining their acceptability, with the use of collateral where deemed necessary. In the event that such a transaction is ongoing, such assessments are regularly performed in order to safeguard assets and mitigate any risks arising in relation to recoverability.

Included in other assets disclosed in note 9(b) are shares in ETPs, valued at £211,384,245 (2022: £96,788,146) used to provide exposure to digital assets and are held as a part of the Group's collateral management obligations. These ETPs are fully collateralised and management maintains regular communications with their operators. The ETPs are regulated and audited.

(c) Liquidity risk

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

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

	Carrying amount as at 31 December 2023 £	On demand £	Less than 3 months £	More than 3 months £
Current assets				
Trade and other receivables	2,241,203	-	2,241,203	-
Cash and cash equivalents	25,507,944	25,507,944	-	-
Digital assets*	2,375,850,359	2,375,850,359	-	-
Other assets	266,093,775	266,093,775	-	-
Total current assets	2,669,693,281	2,667,452,078	2,241,203	-

	Carrying amount as at 31 December 2023 £	On demand £	Less than 3 months £	More than 3 months £
Current liabilities				
Accounts payable	1,004,360	1,004,360	-	-
Accrued liabilities	4,607,858	-	4,607,858	-
Certificate liability	2,351,475,523	2,351,475,523	-	-
Current tax liability	156,970	-	-	156,970
Lease liabilities	563,633	-	-	563,633
Amounts due to brokers	669,402	669,402	-	-
Other liabilities	108,940,878	-	108,940,878	-
Total current liabilities	2,467,418,624	2,353,149,285	113,548,736	720,603
Net current assets/ (liabilities)	**202,274,657**	**314,302,793**	**(111,307,533)**	**(720,603)**

* As disclosed in note 8 digital assets are not financial instruments however there is an active market and they are readily realisable on demand.

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

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

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

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

Liquidity would thereafter be generated by trading the digital assets already held at the exchanges. The float of digital assets held at the exchanges is monitored in real time by the trading team to make sure that the float is sufficient to deal with possible redemption requests. When the trading team believes that more digital assets are required, digital assets held in cold storage with Komainu and Zodia (2022: Komainu and Zodia) are transferred within 48 hours to the exchanges. Conversely, when the amount of digital assets held at exchange is in excess of the liquidity requirements, then digital assets are transferred to cold storage with Komainu and Zodia (2022: Komainu and Zodia).

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

For the securities held by CSDSL, liquidity issues could arise as a result of the redemption of securities, however only if these were to be redeemed in cash rather than in digital asset. The prospectus defines when this could occur, but is the exception rather than the rule. In this case, the Group would be required to have sufficient liquidity to finance the redemption of the securities. The prospectus and final terms for each security define the formula at which the securities can be redeemed based on a coin entitlement.

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

(d) Capital risk management

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

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

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

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

Financial instruments settled through digital assets

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

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

1. There is no expiry or settlement; and
2. Perpetual contracts mimic a spot market and hence trade close to the underlying digital asset price. This is in contrast to a traditional futures contract which usually trades at a different price due to the time basis or time until maturity of the contract. The primary mechanism to tether the perpetual futures contract to the spot price is an interest funding mechanism.

The following table shows positions held as at 31 December 2023, inclusive of any unrealised gains/losses and margins held.

	Contract amount (DA)	Margin held £	Unrealised gain/(loss) £	Impact on other current liabilities £
Perpetual Contracts				
BTC exposure	(420)	4,150,258	(1,367,201)	(1,367,201)
ETH exposure	(3)	1,791	(2,367)	(2,367)
Futures Contracts				
BTC exposure	239	2,662,175	(424,110)	(424,110)
ETH exposure	191	115,123	(8,770)	(8,770)
		6,929,347	**(1,802,448)**	**(1,802,448)**

In order to maintain the above positions, equity is held with the exchanges. The funding and settlement of Perpetual Contracts can only be done in digital currency, there is no fiat currency settlement.

(e) Operational risk

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

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

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

The risk of hacking, and losing Bitcoin/Ethereum and other digital assets in digital wallets due to fraud is reduced through the majority of the digital assets being kept in cold storage with Komainu and Zodia (2022: Komainu and Zodia), providing a cold storage vault. Komainu has a SOC 1 Type 2 report, the latest covering the period from 1 December 2021 to 30 November 2022, which was independently reviewed by PricewaterhouseCoopers CI LLP and authorised for issue on 31 March 2023. Zodia currently has a SOC 1 Type 1 report and a SOC 1 Type 2 report for the period 1 January 2022 to 31 December 2022. A SOC 1 Type 2 report for the period 1 January 2023 to 31 December 2023 is in progress and expected to be completed in Q1 2024. Both Komainu and Zodia are also ISO27001 certified. In addition to limiting the exposure to fraud for the Group, cold storage of digital assets with Komainu and Zodia also reduces the exposure to hacking of the exchanges. The exchanges are constantly monitored and the Group has built a net asset buffer which reduces operational risk.

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

	Carrying amount as at 31 December 2023 £	Price change -50% £	Price change 100% £
Assets			
Bitcoin	1,372,851,942	736,326,309	2,645,903,207
Ethereum	816,970,454	438,545,077	1,573,821,207
Other digital assets	187,359,577	93,679,789	374,719,154
Other assets	355,031,055	221,984,167	621,124,830
Total assets	2,732,213,028	1,490,535,343	5,215,545,664
Liabilities			
Certificate liability	(2,351,475,523)	(1,175,737,762)	(4,702,951,046)
Other liabilities	(141,492,500)	(88,914,161)	(246,649,177)
Total liabilities	(2,492,968,023)	(1,264,651,923)	(4,949,600,223)
Net assets	**239,245,005**	**225,883,420**	**265,968,175**

The above analysis shows the impact of both a fifty percent decline and a one hundred percent increase in digital assets prices. A 50% decline in digital asset prices would reduce the Group's net asset position to £227.0 million (2022: £166.5 million) and does not create any going concern issues.

GROUP STRUCTURE

14. Business combinations

The Group acquired Larks Leaf Asset Management (Jersey) Limited ('LLAMJL') for a consideration of £82,909 on 27 February 2023 with the intention of assuming and expanding upon its fund operations. LLAMJL held no assets or liabilities at the acquisition date.

After applying the optional concentration test under IFRS 3 the Directors found that LLAMJL is not a business because substantially all of the fair value of gross assets acquired can be allocated to the funds launched as a result of the acquisition and their respective strategies, the acquisition therefore does not constitute a business combination.

Accounting policies

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

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

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree, or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

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

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

15. Interests in other entities

The Company's direct subsidiaries which make up the Group as at 31 December 2023 are as follows:

Name	Defined as	Investee Relationship	CSIL's Ownership %	Jurisdiction	Date of Acquisition
CoinShares (UK) Limited	CSUKL	Subsidiary	100%	UK	19/04/2017
XBT Provider AB (publ)	XBTP	Subsidiary	100%	Sweden	25/09/2017
CoinShares GP II Limited	CSGP2L	Subsidiary	100%	Jersey	09/02/2018
CoinShares Corporate Services (Jersey) Limited	CSCSJL	Subsidiary	100%	Jersey	25/06/2018
CoinShares Co	CSCo	Subsidiary	100%	USA	01/07/2018
CoinShares Employment Services (Jersey) Limited	CSESJL	Subsidiary	100%	Jersey	09/08/2018
CoinShares Digital Securities Limited	CSDSL	Subsidiary	100%	Jersey	30/06/2020
CoinShares (Jersey) Limited	CSJL	Subsidiary	100%	Jersey	26/09/2018
GABI Trading Limited	GTLA	Subsidiary	100%	Hong Kong	12/02/2019
CoinShares Capital Markets (Jersey) Limited	CSCMJL	Subsidiary	100%	Jersey	30/06/2019
CoinShares Capital Markets (UK) Limited	CSCMUKL	Subsidiary	100%	UK	30/06/2019
CoinShares Capital, LLC	CS Cap	Subsidiary	100%	USA	18/09/2019
CoinShares GP I LLC	CSGPI	Subsidiary	100%	USA	20/03/2020
CoinShares France	CSF	Subsidiary	100%	France	17/12/2021
CoinShares Asset Management	CSAM	Subsidiary	100%	France	04/07/2022
Larks Leaf Asset Management (Jersey) Limited	LLAMJL	Subsidiary	100%	Jersey	27/02/2023
CoinShares Bitcoin Integrated Strategies Master Fund Limited	BIS Master	Subsidiary	100%	Jersey	27/02/2023
CoinShares Bitcoin Integrated Strategies Feeder Fund Limited	BIS Feeder	Subsidiary	100%	Jersey	27/02/2023
CoinShares Ethereum Integrated Strategies Master Fund Limited	EIS Master	Subsidiary	100%	Jersey	06/04/2023
CoinShares Ethereum Integrated Strategies Feeder Fund Limited	EIS Feeder	Subsidiary	100%	Jersey	06/04/2023
CoinShares Relative Value Opportunities Master Fund Limited	RVO Master	Subsidiary	100%	Jersey	06/04/2023

CoinShares Relative Value Opportunities Feeder Fund Limited	RVO Feeder	Subsidiary	100%	Jersey	06/04/2023
CoinShares Switzerland AG	CSSAG	Subsidiary	100%	Switzerland	24/05/2023
CoinShares Bitcoin US Feeder Fund, LP	BIS US Feeder	Subsidiary	100%	USA	05/06/2023
CoinShares Ethereum US Feeder Fund, LP	EIS US Feeder	Subsidiary	100%	USA	05/06/2023
CoinShares Relative Value Opportunities US Feeder Fund, LP	RVO US Feeder	Subsidiary	100%	USA	27/07/2023
CoinShares Bitcoin GP Limited	CS BGPL	Subsidiary	100%	Jersey	29/11/2023
CoinShares Ethereum GP Limited	CS EGPL	Subsidiary	100%	Jersey	29/11/2023
CoinShares Relative Value Opportunities GP Limited	CS RVOGPL	Subsidiary	100%	Jersey	29/11/2023

CoinShares (Holdings) Limited was dissolved on 10 January 2023.

CoinShares Technologies Limited (formerly GABI Capital Limited) was dissolved on 11 January 2023.

Elwood Asset Management Services Limited and Elwood Asset Management LLP were dissolved on 28 March 2023.

Larks Leaf Data Analytics (UK) Limited was dissolved on 31 October 2023.

As at 31 December 2023, CoinShares (UK) Limited and Larks Leaf Asset Management (Jersey) Limited were in the process of being dissolved, the former having a final dissolution date of 19 March 2024.

On 10 April 2024 XBT Provider AB (publ) changed its name to Coinshares XBT Provider AB (publ).

CONTINGENT ITEMS

16. Commitments

(a) Guarantee

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

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

CSCMJL has procured a hedge to cover the obligations of XBTP to the certificate holders by having an identical exposure in digital assets under the terms of the collateral management agreement. At 31 December 2023, CSCMJL recorded a net equity position of £200.4 million (US$255.1 million) (2022: £155.6 million (US$188.3 million)).

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

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

(b) Offsetting financial assets and financial liabilities

	2023 £	2022 £
DGLD	**2,129,715**	-
Grayscale Ethereum Trust	**-**	1,046,208
Assets due to third parties	**(2,129,715)**	(1,046,208)
Total	**-**	**-**

The Group holds 1,313 DGLD (2022: nil) on behalf of MKS. The Group previously held certificates in the Grayscale Ethereum Trust on behalf of Aventus Protocol Foundation however these were sold on 14 July 2023.

The Group does not receive any economic benefit for holding these assets and the risks associated with holding these assets remain with the third party. The directors of the Group have elected to offset these transactions as they judge the inclusion in the statement of financial position would misrepresent the position of the Group.

17. Events occurring after the reporting period

On 12 January 2024, the Group announced it had exercised the option to acquire Valkyrie Funds LLC, and that the acquisition was pending the completion of satisfactory due diligence, the finalisation of necessary legal agreements and final board approval.

On Thursday 11th January 2024 SEC approval was received for the issuance of Valkyrie's spot Bitcoin ETF, The Valkyrie Bitcoin Fund (BRRR), which commenced trading on Thursday 11th January 2024 at 09:30 am ET on Nasdaq as part of the first cohort of issuers for such products in the U.S

The offerings of Valkyrie Funds LLC provide exposure to the emerging digital asset class through its spot Bitcoin ETF $BRRR and other products such as $WGMI, the highest-performing non-leveraged ETF in 2023 across all sectors and $BTFX, a 2x leveraged Bitcoin futures ETF.

Subsequently, on 12 March 2024, the Group announced the completion of the acquisition of Valkyrie Funds LLC and the sponsor rights to the Valkyrie Bitcoin Fund, a physically backed Bitcoin ETF. As at 29 April 2024, the products affiliated with Valkyrie represent (excluding a seed amount from CoinShares of US$320.9 million (£256.7 million)) a combined US$332.5 million (£266.0 million) of assets under management. The accounting for the transaction is being finalised and will be reflected in the Group's financial statements for the period ending 31 March 2024.

On 20 March 2024, the Group issued new share options to employees as part of an employee incentive plan. A total of 115,000 options were issued at an exercise price of SEK 50.4 and a vesting date of 20 March 2027.

On 10 April 2024, the Company announced it has resolved to declare and pay in four equal instalments an annual dividend in relation to the strong financial performance for the year ending 31 December 2023 amounting to approximately £9,250,492. The first tranche has an Ex-dividend date of 29 April 2024, a record date of 30 April 2024, and a payment date of 3 May 2024.

In the period since the financial year end there has been a series of further share buy-backs undertaken by the Company. As at the date of signing a total of 90,205 shares have been bought back at an average purchase price of SEK 39.37 in the period since 31 December 2023. This equates to total consideration of SEK 3,552,194 (£261,383).

On 11 January 2024, share options granted relating to a total of 10,446 shares with an exercise price of £1.43 per share were cancelled pursuant to a deed of cancellation, for total consideration of £11,227.

On 25 January 2024 the Group announced a reduction in the management fees for its CoinShares Physical Bitcoin product. This move, effective from 1 February 2024, significantly decreased the management fee from 0.98% p.a. to 0.35% p.a.

On 1 February 2024 the Group announced that it had implemented a 1.25% p.a. staking reward in its flagship Physical Ethereum ETP, effective 1 February 2024, the latest move in a longer-term strategic drive to lower costs for European investors looking to enter the digital asset market.

On 17 April 2024, 3iQ (a company in which the Group held 1,137,784 shares as at 31 December 2023 with a total carrying value of £4,396,991) was acquired by a third party. The acquisition resulted in the disposal of approximately 80% of the Group's holding, generating cash consideration of approximately £4.0 million. The Group has retained a residual holding of 268,914 shares.

On 11 November 2022 and 14 November 2022, FTX Trading Ltd. and 101 affiliated entities (collectively, "FTX") each filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Filing"). As a result of the Bankruptcy Filing, FTX halted withdrawals on 11 November 2022.

01

02

03

04

05

06

07

08

On 6 February 2024, the Group received a notice of acceptance regarding a claim made to FTX in respect of assets held on the exchange at the time of its bankruptcy in 2022. These assets were fully written off by the Group in 2022.

The claim is for US$28,119,093, and a range of digital assets with a value as at the date of bankruptcy of US$3,269,019, bringing the total claim value on this basis to US$31,388,112.

The Group's management has determined that the FTX claim represents a contingent asset based on information received subsequent to 31 December 2023. Whilst a future inflow of assets is ultimately expected, the value, process, and timing of future distributions from the bankruptcy filing is materially uncertain and has yet to be determined by a range of factors outside the control of the Group. Therefore, no asset has been recognised on the balance sheet of the Group at (or subsequent to) the financial year end, despite the claim having been successfully submitted.

On 19 March 2024 CoinShares (UK) Limited was formally dissolved.

On 10 April 2024 XBT Provider AB (publ) changed its name to CoinShares XBT Provider AB (publ).

In the period following the financial year end, digital asset prices have shown strong price increases. As at 29 April 2024 Bitcoin stands at £49,809, and Ethereum at £2,532, having increased 48% and 39% respectively since 31 December 2023.

FURTHER DETAILS

18. Cash flow information

(a) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:
- acquisition and disposal of right of use assets - note 10(a)
- options issued to employees under the equity settled share option plan for no consideration - note 20(a)

(b) Net debt reconciliation

This table sets out the analysis of net debt movements during the periods.

	2023 £	2022 £
Cash and cash equivalents - note 9(c)	**24,838,542**	134,768,902
Borrowings - note 9(i)	**(23,145,127)**	(22,152,484)
Lease liabilities - note 10(b)	**(2,967,905)**	(1,336,487)
Net debt	**(1,274,490)**	111,279,931

	Cash and cash equivalents £	Borrowings £	Lease liabilities £	Total £
At 31 December 2021	**(162,955,669)**	**-**	**(311,513)**	**(163,267,182)**
Financing cashflows	313,559,937	(21,573,387)	1,065,080	**293,051,630**
New leases	-	-	(2,077,445)	**(2,077,445)**
Exchange differences	(15,835,366)	(545,885)	(12,609)	**(16,393,860)**
Other charges				
Interest expense	-	(460,399)	(14,217)	**(474,616)**
Interest payments presented as operating cashflows	-	427,187	14,217	**441,404**
At 31 December 2022	**134,768,902**	**(22,152,484)**	**(1,336,489)**	**111,279,931**
Financing cashflows	(104,264,838)	61,488	666,353	**(103,536,997)**
New leases	-	-	(3,008,294)	**(3,008,294)**
Terminated leases	-	-	703,325	**703,325**
Exchange differences	(5,665,522)	(1,046,561)	7,198	**(6,704,885)**
Other charges				
Interest expense	-	(885,719)	(77,866)	**(963,585)**
Interest payments presented as operating cashflows	-	878,149	77,866	**956,015**
At 31 December 2023	**24,838,542**	**(23,145,127)**	**(2,967,905)**	**(1,274,490)**

The table above does not include the Group's digital asset holdings that do not form part of the collateral/hedge work undertaken for CSDSL and XBTP. These assets represent liquid assets of the Group as 31 December 2023 of £31,122,973 (2022: £2,251,032).

19. 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.

(a) Subsidiaries

Interests in subsidiaries are set out in note 15(a).

(b) Transactions with group directors

	2023 £	2022 £
Short-term employee benefits	**316,474**	2,484,350
Share-based payments	**310,225**	261,380
	626,699	**2,745,730**

Mr Daniel Masters is the Group's Chairman and a shareholder of the Group. During the year, the Group undertook trades on his behalf of 13.91 BTC, 134.10 ETH, 42,773.29 AVT, 258,552.22 USDC, 24,918.07 XTZ and 20,070.60 XRP equating to £746,079. (2022: 31.27 BTC, 29.91 ETH, 22,153.12 AVT, 508,864.31 USDT and 2,000,000.00 USDC, equating to £3,110,834). As at the year end the Group held nil assets (2022: 206,486.33 AVT (US$237,459, £196,237) and US$69,606 (£57,523)) owed to Mr Masters. The Group also holds a receivable from Mr Masters and one other person jointly of US$37,183 (£29,826) (2022: US$37,183 (£30,728)) in relation to an investment that was transferred using the Group as a broker. Mr Masters also has a holding in CSF2LP. During the year, Mr Masters transferred US$122,000 of his holding to another Limited Partner. As at the end of the year, Mr Masters's holding in CSF2LP is valued at £5,588,734.

Mr Jean-Marie Mognetti is the Group's Chief Executive Officer and a shareholder of the Group. During the period the Group undertook trades on his behalf of £nil (2022: 30,000 AVT). As at the year end the Group held a balance of 30,000 AVT (£17,909) (2022: 30,000 AVT (£28,511)) owed to Mr Mognetti. Mr Mognetti is also a director of Tactiques D'Avant-Garde (Jersey) Limited ('TAG'). During the year the Group undertook trades on behalf of TAG of 6.50 BTC, equating to £150,546 (2022: £nil). As at 31 December 2023, £nil (2022: £nil) was outstanding from TAG to the Group.

Mr Richard Nash is a person discharging managerial responsibility and a shareholder of the Group. During the year, the Group undertook trades on his behalf of £nil (2022: £nil). As at the year end, the Group held 0.3 BTC (2022: 0.3 BTC) on his behalf.

Mr Johan Lundberg is a non-executive director of the Group. During the year the Group undertook trades on his behalf of 75,000 USDC and 105,000 USDT, equating to £144,243 (2022: nil). As at the year end the Group held nil assets (2022: nil) owed to Mr Lundberg.

(c) Transactions with other related parties

On 10 January 2022, CoinShares entered into a service agreement with FlowBank, an associate of the Group. The arrangement ceased during 2022. £nil (2022: £18,000) has been charged during this year of which £7,200 (2022: £7,200) remains outstanding at year end.

As part of a commercial relationship under which the Group facilitates trading activities for FlowBank SA ('Flowbank SA') as a client, gains of £56,469 (2022: £58,529) were generated in respect of trading related fees. This relationship ended in Q3 2023. Additionally, bank charges and FX trading commissions of £14,711 (2022: £2,535) were paid to FlowBank SA in respect of banking services provided to CoinShares as a client of FlowBank SA. As at year end the Group held a cash receivable balance of £nil (2022: £1,123,191) and was holding assets on behalf of FlowBank SA with a value of £nil (2022: £273,312).

CSGP2L is the General Partner to CS2LP. The Group has recognised carried interest as at the year end of £5,429,067 (2022: £5,279,885) which is held as an investment. The Group also settled expenditure on behalf of CS2LP of £2,433 (2022: £7,019) of which £nil (2022: £1,477) is outstanding at the year end.

The Group has an investment in Komainu Holdings Limited ('KHL') of which Mr Jean-Marie Mognetti is a director and shareholder. The Group has settled expenditure on behalf of KHL in the year of £6,718 (2022: £19,727) of which £nil (2022: £9,967) remains outstanding at year end. The Group has a recharge agreement with KHL which allows for use of office facilities. £132,000 (2022: £165,460) has been charged for the year of which £11,000 (2022: £11,000) is outstanding at the year end. Previously outstanding expenses of £9,907 have been written off as 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 £792,885 (2022: £1,208,854) of which £119,051 (2022: £67,495) was outstanding at the year end. The Group also settled transactions on behalf of KJL which has fees retained that are required to be returned to KJL. Fees of £10,804 have been returned, of which £61 is outstanding at the year end. The Group has a service agreement with KJL which allows for support regarding staking and operations. £5,000 (2002: £11,000) has been charged for the year. The full amount invoiced of £16,000 has been written off at the year end leaving a balance of £nil (2022: £11,000) outstanding at the year end. An additional amount has also been charged in relation to a staff cost of £7,000 (2022: £nil) of which £7,000 (2022: £nil) is outstanding at year end.

GTSA is an associate of the Group. The Group has settled expenditure on behalf of GTSA in the year of £248 (2022: £nil) of which £nil (2022: £nil) remains outstanding at year end.

3iQ Corp ('3iQ') is an investee company of the Group where Ms Meltem Demirors, an employee of the Group, holds a board seat. During the year, the Group received a management fee rebate from 3iQ of £453,552 (2022: £5,459,170) of which £nil (2022: £194,703) is receivable at the year end. All 3iQ CoinShares Bitcoin certificates were redeemed by the Group during Q1 2023.

CSGP2L, a subsidiary of the Group, acts as General Partner of CS2LP. In this capacity, it receives quarterly an amount of one quarter of two percent of the net asset value of CSF2LP. During the year £128,487 (2022 £97,041) has accrued for this fee, of which £32,029 (2022 £36,604) was outstanding at the year end.

On 10 January 2023 the Group agreed to enter into block transactions with two shareholders to acquire 196,654 ordinary shares in the capital of the Company, at a price per share equal to SEK 24 resulting in total consideration of SEK 4,719,696 (£372,856). Of these, 75,000 shares were acquired from a person discharging managerial responsibility, and 121,654 shares were acquired from an entity affiliated with the Group. The transaction was completed on 13 January 2023.

On 28 February 2023 the Group agreed to enter into a block transaction with a shareholder (who is also a person discharging managerial responsibility) to acquire 50,000 ordinary shares in the capital of the Company, at a price per share equal to SEK 33 resulting in total consideration of SEK 1,650,000 (£130,984). The transaction was completed on 10 March 2023.

On 26 May 2023 the Group agreed to enter into a block transaction with a shareholder (who is also a person discharging managerial responsibility) to acquire 358,783 ordinary shares in the capital of the Company, at a price per share equal to SEK 30 resulting in total consideration of SEK 10,804,500 (£796,492). The transaction was completed on 14 June 2023.

01
02
03
04
05
06
07
08

20. Share-based payments

(a) Equity-settled share option plan

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

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

The options have an exercisable period of 10 years from the vest date.

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

(b) Share option liquidation scheme

Share options were repurchased from employees during the year under a scheme operated to allow the voluntary early liquidation of share options. 10,446 (2022: 171,000) options were liquidated during the period for a total consideration of £8,613 (2022: £207,544) (note 11(a)).

(c) Performance Based Options

	2023		**2022**	
	Number of share options	**Weighted average exercise price £**	**Number of share options**	**Weighted average exercise price £**
Opening	**1,773,600**	**1.43**	1,944,600	1.43
Forfeited	**(623,605)**	**1.43**	-	-
Liquidated	**-**	**-**	(171,000)	1.43
Closing	**1,149,995**	**1.43**	**1,773,600**	**1.43**
Exercisable at closing	**1,149,995**		**1,773,600**	

(d) Time Based Options

	2023		2022	
	Number of share options	**Weighted average exercise price £**	**Number of share options**	**Weighted average exercise price £**
Opening	**2,202,857**	**4.33**	1,546,977	1.43
Granted	**448,000**	**1.68**	690,402	6.73
Forfeited	**(96,983)**	**1.83**	(34,522)	6.35
Exercised	**(5,479)**	**1.43**	-	-
Liquidated	**(10,446)**	**1.43**	-	-
Closing	**2,537,949**	**3.89**	**2,202,857**	**4.33**
Exercisable at closing	**1,129,445**		**160,552**	

5,479 time based options (2022: nil options) were exercised during the year for an aggregate settlement of £7,817.

448,000 time based share options were granted on 20 March 2023. The fair value of the options granted is £656,821.

10,446 time based share options were liquidated during the period, for a total consideration of £8,613.

The options outstanding at 31 December 2023 had a weighted average exercise price of £2.63 (2022: £4.33) and a weighted average remaining contractual life of 0.5 years (2022: 1.0 years).

Grant date	**Exercise price SEK**	**Exercise price GBP**
March 2023	31.00	2.44

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

The total share-based payment expenses for the year are £1,324,818 (2022: £1,229,617). All amounts are equity settled and there are no liabilities in relation to share-based payment transactions outstanding at the reporting date (2022: £nil).

Accounting policies

Equity-settled arrangements are measured at fair value at the date of the grant.

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. The Strike Price was set at 31.00 based upon the value of the shares on the issue date, the risk free rate selected was 3.25%. The vesting condition is 3 years and 70% of options are assumed to vest. At the time of awarding these options, the Group did not have a dividend policy so this was not incorporated into the valuation.

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

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

Arrangements are considered to be forfeited where the conditions of the grant are no longer deemed to be met. This arises where an employee is no longer employed by the Group and where share options are either not yet vested or have not been exercised before the date of them leaving the Group, or in the case of performance options, where the conditions set out have not been met. Forfeitures are treated as an acceleration of vesting and the unvested amount is recognised immediately in profit and loss.

The Group operated a scheme to allow the voluntary early liquidation of share options. Liquidations are treated as an acceleration of vesting and the unvested amount is recognised immediately in profit and loss

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

Key accounting estimate

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.

21. Earnings per share

As more fully disclosed in note 19, share options were issued during previous years, which have had a dilutive effect. The Group made a loss in the prior year, therefore the share options are antidilutive and have not been included in the calculation of diluted earnings per share.

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

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

	2023 £	2022 £
Earnings		
Earnings for the purposes of basic earnings per share being net (loss)/profit attributable to owners of the Company	**(453,126,477)**	520,216,064
Earnings for the purposes of diluted earnings per share	**(453,126,477)**	520,216,064

	2023 Number	2022 Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**67,287,929**	68,184,833
Weighted effect of dilutive potential ordinary shares: Share options	**3,977,029**	3,955,200
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**71,264,958**	72,140,033

	2023 £	2022 £
Basic earnings per share	**(6.74)**	7.63
Diluted earnings per share	**(6.74)**	7.21

	2023 £	2022 £
Adjusted earnings		
Earnings for the purposes of basic earnings per share being total comprehensive income attributable to owners of the Company	**38,396,035**	2,934,267
Earnings for the purposes of diluted earnings per share	**38,396,035**	2,934,267

	2023 £	2022 £
Adjusted basic earnings per share	**0.57**	0.04
Adjusted diluted earnings per share	**0.54**	0.04

The Group's adjusted earnings per share, calculated using total comprehensive income, represents the financial period's contribution to distributable reserves of the Group.

22. Summary of other accounting policies

These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Fair value measurement

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

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

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

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

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

Level 3 – Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

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

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

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

Level 1 and 2 valuations and inputs

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

Level 3 valuations and inputs

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

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

Fair value policies and disclosures on specific balances are summarised in the following notes:

Digital assets	Note 8
Investments	Note 9
Financial instruments	Note 9

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.

(b) Foreign currency translation

Transactions and balances

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

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

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

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

Translation

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

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

(c) 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.

(d) Employee benefits

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

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

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

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

(e) Adoption of new and revised Standards

New and amended IFRS Standards that are effective for the current year

The Company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that are effective for annual periods beginning from 1 January 2023:

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates - amendments to IAS 8
- International Tax Reform - Pillar Two Model Rules - amendments to IAS 12
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - amendments to IAS 12
- Disclosure of Accounting Policies - amendments to IAS 1 and IFRS Practice Statement 2

The adoption of these amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New and revised IFRS Standards in issue but not yet effective

Certain amendments to accounting standards have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the group. These amendments are not expected to have a material impact on the reported profit or loss, net assets, or total equity of the Group in the current or future reporting periods and on foreseeable future transactions.

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

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