

coinshares.com



CoinShares

Q1 2022 REPORT



EXECUTIVE SUMMARY

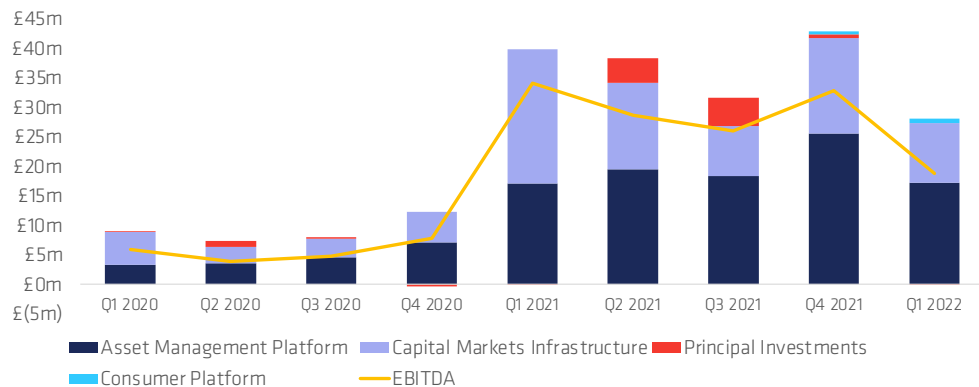


CoinShares continues to generate strong results despite negative price action in digital assets in the first half of the quarter and ongoing regulatory uncertainty across Europe and the US.

- Total revenue for the quarter of **£18.0 million** (Q1 2021: £17.1 million)
- Total comprehensive income for the quarter of **£20.2 million** (Q1 2021: £32.1 million)
- EPS (basic) for Q1 2022 of **£3.83** (Q1 2021: loss £27.26); EPS (diluted) for Q1 2022 of **£3.64** (Q1 2021: loss £27.26)¹

Revenue, Gains and Other Income & Adjusted EBITDA (GBP)

Please refer to the appendix on page 26 for definitions & explanations of the Group's Alternative Performance Measures, which the directors and executive management team believe provide the best measure of the Group's performance.

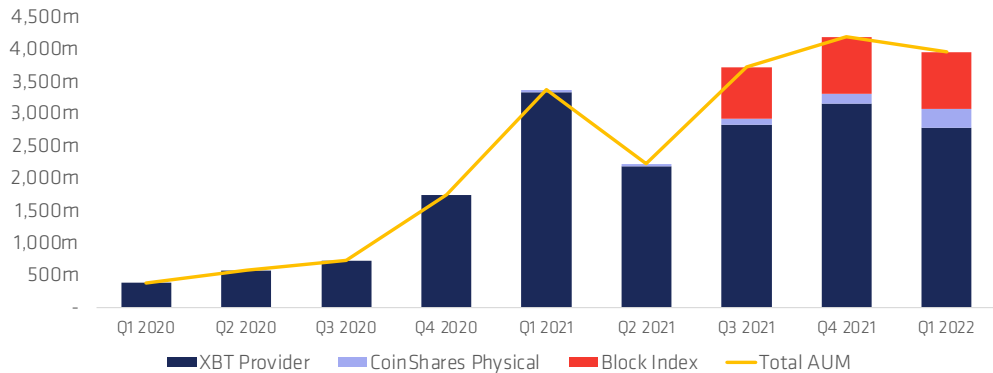


- Combined **Revenue, Gains and Other Income** for Q1 of **£27.96 million** (Q1 2021: £39.91 million); A decline in Capital Markets performance compared to last year's record opening quarter, supported by consistent management fees from the Asset Management Platform
- **Asset Management** fees from the Group's ETPs and Index for Q1 of **£17.24 million** (Q1 2021: £17.12 million); While similar in quantum to Q1 2021, the Asset Management Platform fees are showing increased diversification as the product suite continues to grow
- **Capital Markets** activities achieved a combined performance for Q1 of **£10.17 million** (Q1 2021: £22.77 million); While Q1 2022 market conditions have not shown a repeat of the upwards volatility experience in Q1 2021, significant income and yield has been generated from DeFi related activities
- Net **Principal Investments** loss for Q1 of **£0.15 million** (Q1 2021: £0.02 million gain); Certain equity and proprietary crypto holdings have been impacted by digital asset market performance over the quarter
- Revenues generated by the **Consumer Platform** for Q1 of **£0.70 million** (Q1 2021: £nil); Consumer Platform fees starting to be recognised from last year's acquisition, with a number of strategic measures planned for the remainder of the year
- **Adjusted EBITDA** for Q1 of **£18.75 million** (Q1 2021: £34.18 million); Driven by decreased performance coupled with a larger cost-base arising from the Group's ongoing expansion and strategic execution
- **Adjusted EPS** (basic) for Q1 of **£0.30** (Q1 2021: £0.50); Adjusted EPS (diluted) for Q1 of **£0.28** (Q1 2021: £0.48); Remains a strong start to the year and a solid platform on which to build on for the remainder of 2022

1. Please see Adjusted EPS, which the directors and executive management team believe provide a significantly more accurate representation of the Group's performance.



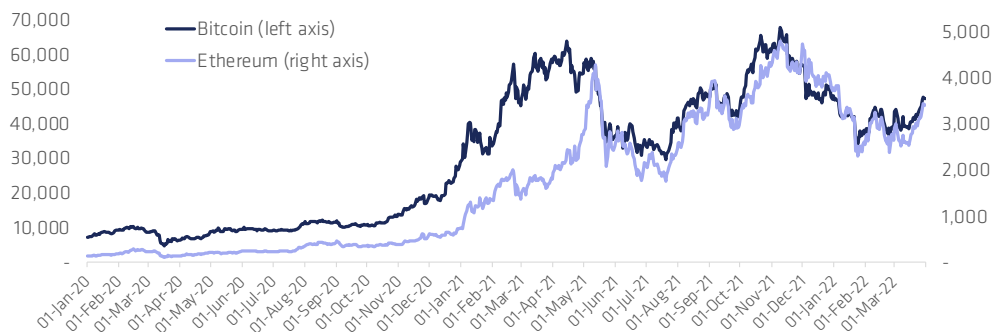
TOTAL GROUP AuM (GBP)



- **Total AuM** of the Group as at 31 March 2022 of **£3.95 billion**, of which £3.07 billion is held on the Group's balance sheet, with the remainder attributable to the BLOCK index (December 2021: £4.18 billion, of which £3.30 billion was held on the Group's balance sheet, with the remainder attributable to the BLOCK index); *CoinShares Physical capturing new flows and launching new products, bringing further diversity to the Group's AuM as we move into Q2 2022*

BTC & ETH (USD)

Bitcoin and Ethereum price fluctuations over the same period:



Events During the Quarter

- **26 January:** CoinShares announced the launch of the world's first crypto ETPs with transparent staking rewards, CoinShares Physical Staked Tezos and CoinShares Physical Staked Polkadot.
- **11 March:** the product suite was further bolstered with the addition of CoinShares Physical staked Cardano.
- **14 March:** following approval from the Swiss Financial Market Supervisory Authority (FINMA), CoinShares increased its stake in FlowBank to 29.3%.
- **14 March:** appointment of Benoit Pellevoizin as Head of Marketing and Communications.
- **23 March:** CoinShares announced a partnership with FTX, a leading regulated cryptocurrency exchange. The first initiative of this partnership was the launch of the CoinShares FTX Physical Staked Solana ETP.
- **29 March:** CoinShares was named "Best Bitcoin ETP Issuer" at the 2022 ETF Express European awards.



TABLE OF CONTENTS

- 1 - Executive Summary
- 2 - Message from the CEO
- 3 - Group Performance
- 4 - Other Information
- 5 - Condensed Financial Information
- 6 - Definitions
- 7 - Historical Quarterly Data



Q1 2022 MESSAGE FROM THE CEO



Focused on execution - building the future of finance

As Europe's largest and longest-standing digital asset firm, CoinShares continues to show performance in its established business activities while expanding its offering, improving upon its infrastructure and delivering value to its shareholders and the wider digital asset ecosystem.

Despite negative price action in digital assets in the first half of the quarter and ongoing regulatory uncertainty across Europe and the US, we continue to generate strong positive income. Q1 2022 offered the perfect conditions to demonstrate CoinShares' robustness and how our Capital Markets and Asset Management businesses are complementary, offering an effective way to strike a balance between reward and risk.

Adjusted EBITDA for Q1 was £18.75 million. While this represents a decrease versus Q1 2021, a robust period for digital assets, we are satisfied with today's results given the comparatively challenging environment for digital asset pricing in Q1 of this year.

Our transformation into a technology company is well underway. We plan to offer Galata, our technology platform, as a fully-fledged product that can be distributed to fintechs, hedge funds, wealthtechs, and banks that want to have or offer their clients exposure to digital assets.

We are continually looking for the best growth opportunities for our shareholders. To this end, we have been multiplying access points to digital assets for investors by acquiring Napoleon Crypto and increasing our stake in FlowBank. It is hoped that the strategic relationship with FlowBank will also facilitate the distribution of Galata and the development of new investor services.

> Galata: Bringing digital assets to all

As an algorithm-powered trading services platform, Galata has allowed us to interact efficiently with the digital asset ecosystem while servicing our Capital Markets and Asset Management businesses. Galata enables us to connect and drive interaction between those of our clients operating in the traditional financial world and the digital asset ecosystem they need to access.

Galata's usage has increased year on year as we connect more and more traditional investors to the digital asset ecosystem via their legacy infrastructure. Already, some of our partners are deploying Galata on behalf of their clients. So, when a user of Kingdom Trust's fintech platform, Choice, invests in a digital asset, it is Galata that handles the flow from smart routing to finality. As an investment firm ourselves, we are cognizant of the critical needs and must-have features required by institutional investors. It is our aim to transform Galata from a bespoke proprietary tool into a marketable trading platform for institutional investors through a Platform as a Service revenue model. This offering will target financial services firms who want exposure to digital assets for themselves or for their clients.

01

02

03

04

05

06

07



- 01
- 02**
- 03
- 04
- 05
- 06
- 07

> **Consumer Solutions: Building a new strategic growth driver**

There is significant consumer interest in the digital assets market. At CoinShares we understand that this market segment is not homogeneous. There are several types of investors, each with a preferred investing/trading platform. For example, there is a difference between the investor on Xetra who buys our ETPs among other more traditional financial products, the “hodler” on Coinbase who believes in crypto and invests for the long term and the trader on Binance who wants to take advantage of the volatility of the market with FOMO principles. Our recent acquisition of Napoleon Crypto and the recruitment of a Group Head of Marketing and Communications with a dedicated marketing and design team will support the development of new fintech services for these very different investors. Our goal is to serve these specific needs through world-class user experiences and marketing approaches with different digital products bearing in mind the importance of the CAC/LTV ratio of SaaS platforms.

Work has already begun on the evolution of NapBots, the original Napoleon platform, to ensure that it supports the expansion of our business. NapBots was built by traders for a trading-oriented audience. While servicing those users is very important to us, we are excited to expand the reach of the product and platform to longer-term investors looking to gain access to our digital trading strategies.

> **Asset Management Solutions: Delivering Blockchain Technology Innovation to our Clients**

The geographic expansion of the Group’s Asset Management platform from a listing venue perspective is complete in Europe. Our XBT Provider and CoinShares Physical products are, at the end of Q1, listed in Stockholm, Stuttgart, Zurich, Amsterdam, and Paris. Until London, Milan, and Madrid become available, we are focusing our effort on “last mile” platforms which are operating as an interface between our products and the underlying noteholders.

After obtaining in late Q4 all the regulatory approvals for our new prospectus we went into execution mode in Q1 2022 (releasing Polkadot, Tezos, Cardano, and Solana) and we have a busy pipeline ahead of us for the rest of the year. The development of this pipeline will continue to be actively supported by our own research.

In Q1 2022, we launched the world’s first staked ETPs with management fees reduced to zero. It has always been our ambition to share a significant part of these technology-driven rewards with the underlying noteholders. We succeeded on two counts: firstly, we have created a growing suite of products that are sharing with investors a portion of the staking rewards, daily; and secondly, we are the first to have brought such innovation to the market while preserving the legal robustness and tax attributes of the special purpose vehicle for our investors.

This strategy has paid off and consequently, CoinShares ETPs saw the largest net inflows in Q1 across ALT coins.



- 01
- 02**
- 03
- 04
- 05
- 06
- 07

> Capital Markets: Increasing capital deployment into DeFi

Traditionally we had three main Capital Market activities: Liquidity Provisioning, Delta Neutral Trading Strategies, and Fixed Income.

Q1 2022 has been a rotation quarter for our team as lower volatility, lower trading volume and a very flat term structure across the sector resulted in lower revenue from our activities in these areas. We have instead refocused our attention and deployed our balance sheet into DeFi or Fixed Income 2.0. The overall revenue is close to the average over the last three quarters, despite the slower market dynamics, demonstrating our strong earnings ability in any market environment.

The exploratory work done in this area in H2 2021 laid the foundations for what is now a new part of the Group's activities. This dynamic and agile approach underpins the strategy of the Capital Markets Team which is always focused on ensuring the most effective deployment of the Group's capital.

As CoinShares and the cryptocurrency industry continue to evolve and grow in tandem, our Capital Markets Team is making sure to stay relevant by always listening to the market sentiment and searching for pockets of innovation where we can deploy new capital within our defined risk parameters.

> Regulation: Scaling up whilst creating a long-term competitive advantage

At CoinShares we have always recognized the importance of regulatory oversight and in particular regulations which protect investors. We see our ability to navigate fast-moving, ever-changing, multi-jurisdictional regulatory requirements as a competitive advantage in the nascent digital asset sector where many other providers lack our experience and savvy in compliance. Regulators around the world have been grappling with the challenge of increasing retail investor interest in crypto and while we have strong growth ambitions for this segment (something we can fund, ourselves) we remain committed to complying with the rules and guidelines across the markets in which we operate, working in collaboration with local regulators wherever possible to ensure the safest experience for investors.

> Nasdaq OMX Main Market: Seeking Enhanced Investor Visibility

Finally, we continue to progress with our plans to up-list CoinShares from Nasdaq's First North Growth Market to the Nasdaq Stockholm main market as we want to raise the Group's profile. This continues to require a significant effort by our team, but we welcome the opportunity for CoinShares to evidence to the market that it adheres to the highest regulatory standards and best practices.

As per usual, we will keep the market updated on our progress.

Jean-Marie Mognetti

CEO

GROUP PERFORMANCE Q1 2022

Please note that the overview of the Group's performance as disclosed below comprises a number of APMs derived from the Group's Alternative Statement of Comprehensive Income. Please refer to page 26 for definitions of these APMs.

These APMs align to the operating segments of the Group, as disclosed on page 19 in accordance with IFRS 8.

GBP	Quarter ended 31 March 2022	Quarter ended 31 March 2021	Year ended 31 December 2021
Asset management platform revenue	17,244,783	17,118,330	80,588,821
Capital markets gains & income	10,166,694	22,771,556	62,127,421
Principal investments gain/(loss)	(146,455)	23,823	9,633,302
Consumer platform revenue	697,206	-	457,627
Total revenue, gains and other income	27,962,228	39,913,709	152,807,171
Direct costs	(2,826,750)	(1,878,578)	(7,129,691)
Administrative expenses	(6,387,073)	(3,851,214)	(23,989,238)
Adjusted EBITDA	18,748,405	34,183,917	121,688,242
Adjusted EBITDA (%)	67%	86%	80%
Depreciation/amortisation	(561,303)	(39,385)	(1,048,460)
Adjusted EBIT	18,187,102	34,144,532	120,639,782
Finance costs	(2,189,132)	(739,626)	(6,810,160)
Currency translation differences	4,125,202	(395,836)	1,799,824
Taxation	60,987	(925,351)	(1,283,930)
Total comprehensive income	20,184,159	32,083,719	114,345,516

In the period since year-end we saw digital asset prices continue the decline that commenced following the highs of November 2021, before showing signs of recovery towards the end of January. Over the course of February and March the total market capitalisation of all digital assets has increased, albeit slowly in digital asset terms, from \$1.7 trillion to \$2.1 trillion. In turn, this has had an impact across the business in terms of both results and operations. While the combined Revenue, Gains and Other Income of the Group is down 29.8% when compared to the strong start we saw last year, the Group has still managed to generate Adjusted EBITDA of £18.7 million (Q1 2021: £34.2 million)..

Despite these market conditions, management fees generated across the various products within the Group's Asset Management platform totalled £17.2 million for the quarter (Q1 2021: £17.1 million). The reduction in overall performance is mainly attributable to the Capital Markets activities of the Group which, while still very strong, did not enjoy the same market conditions we saw in Q1 2021. Total performance of the Capital Markets activities equated to £10.2 million (Q1 2021: £22.8 million). Q1 has seen the Capital Markets team building upon the initial deployment of capital into DeFi activities seen in the latter part of 2021, and this has now become a key focus of the Group.

The Consumer Platform revenues generated by the Napoleon for the quarter totalled £697k (Q1 2020: n/a). This new business segment is progressing well in terms of integration into the wider Group, and we are investing significant time and resource into building the next wave of products in order to begin realising the potential benefits that we identified as main drivers for this acquisition. Our integration plan for Napoleon is on track and we hope for this to be reflected in the financial performance of the business segment as we progress through the year.

Further analysis of both the Asset Management platform and the Capital Markets activities are included on pages 10 and 11 respectively. Additionally, a breakdown of the companies within the Group's principal investments portfolio has been included on page 12.

The overall adjusted EBITDA margin for the Group has decreased when compared to both Q1 2021 (and 2021 in its entirety), following an increase in the Group's cost base both in real terms and also in proportion to overall Revenue, Gains and Other Income.

Direct costs of the Group comprise custody fees, trading fees and issuer expenses incurred by the issuing entities of the Group's ETPs. The increase seen in comparison to Q1 2021 has arisen from the number of product launches within the CoinShares Physical ETP product suite in conjunction with higher trading fees due to an increase in average execution costs for the trading team.

Admin expenses of the Group have shown a significant increase when compared to Q1 2021, but remain largely consistent with what was incurred in the latter half of 2021. The key components of the admin expense increase when compared to last year are salary costs for the staff base of now 95 individuals (Q1 2021: 44), increased marketing spend across the Group and a range of professional fees in relation to uplisting preparation.

Combined direct costs and admin expenses of £9.2 million (Q1 2021: £5.7 million), while significantly higher than last year, are however comparable to that seen in Q4 2021 (approximately £9.9 million).

Interest expense for the period of £2.2 million relates to costs arising predominantly from the drawdown of cash from rolling credit facilities held with a number of brokers. This increase can be seen in amounts due to brokers on the Group's balance sheet. These borrowings are used by the Capital Markets team to allow for increased deployment of capital into various trading strategies.

The Total Comprehensive Income of the quarter was £20.2 million. This has resulted in the Group's overall net asset position increasing 10% over the quarter to £221.1 million (December 2021: £200.5 million).

(I) ASSET MANAGEMENT PLATFORM

GBP	Quarter ended 31 March 2022	Quarter ended 31 March 2021	Year ended 31 December 2021
Retail platform (XBT Provider)	16,331,016	17,044,706	78,510,034
Institutional platform (CSDS)	369,440	73,624	871,706
Equities platform (BLOCK Index)	544,327	-	1,207,081
Total revenue	17,244,783	17,118,330	80,588,821
Direct costs	(1,594,503)	(1,262,111)	(3,463,921)
Gross profit	15,650,280	15,856,219	77,124,900
<i>Gross profit margin</i>	<i>91%</i>	<i>93%</i>	<i>96%</i>
Administrative expenses	(1,371,361)	(629,353)	(9,032,756)
Operating profit	14,278,920	15,226,867	68,092,145

- The performance of the Group's Asset Management Platform in Q1 is comparable to that of Q1 2021, with a similar level of AUM held overall. The core difference in 2022 however is the diversification of the overall Platform, with management fees being generated from a wide range of CSDS products and the Group's Block Index in addition to the legacy XBT provider ETPs.
- During the quarter the product suite of CSDS expanded considerably with the launch of 4 additional ETPs with built-in staking functionality, passing the benefit of staking gains to the product holder in a transparent manner.
- The AUM associated with the Groups suite of ETPs can be viewed on a live basis with daily assurance reports (CSDS: [TrustExplorer by Armanino: Real-Time Attest for CoinShares Physical](#), XBT: [TrustExplorer - real-time audit](#)).
- The overall gross profit margin of the Group's Asset Management Platform has decreased 5 percentage points when compared to 2021. This has been caused by increased fees relating to the expansion of the product suite and growth of the team, off-set marginally by more competitive custody fees.
- Administrative expenses have increased due primarily to increased salary costs arising from expansion of the Asset Management Platform team, resulting in operating profit of £14.28 million.
- Total quarter-end AUM stood at £3.95 billion (Q1 2021: £3.36 billion) of which 70% is represented by XBT, 7% by CSDS and the remaining 23% by the Block Index.

(II) CAPITAL MARKETS INFRASTRUCTURE

GBP	Quarter ended 31 March 2022	Quarter ended 31 March 2021	Year ended 31 December 2021
Liquidity Provisioning	1,978,148	6,333,377	13,819,969
Delta Neutral Trading Strategies	579,531	10,135,291	27,166,837
Fixed Income Activities	1,195,655	2,655,275	10,904,601
DeFi	6,256,183	-	3,587,052
Other	157,177	3,647,614	6,648,962
Total income and gains	10,166,694	22,771,557	62,127,421
Direct costs (including finance costs)	(3,596,638)	(1,356,093)	(10,269,263)
Gross profit	6,570,056	21,415,464	51,858,158
<i>Gross profit margin</i>	65%	94%	83%
Administrative expenses	(768,891)	(438,819)	(2,001,052)
Operating profit	5,801,166	20,976,646	49,857,107

- Q1 was a transformative quarter for the Group's Capital Markets business unit, as can be seen from the breakdown above. While the market conditions of Q1 2021 were such that significant opportunities existed for the Group's delta neutral trading strategies, the main driver of the business unit's performance in Q1 2022 was DeFi related staking and lending activities.
- Formerly a fairly small contributor to the Group's performance, this has now grown significantly and evidences the agile nature of the Group's trading team; Q1's DeFi income totalled £6.3 million, being 61.5% of overall performance. This amount represents both staking gains and rewards, and also lending yield which is included within the Group's finance income.
- As at quarter end, a total of \$313m was deployed into a range of DeFi protocols, notably Anchor Protocol, TrueFi and Maple Finance. Over the course of this deployment, the team undertook analysis of a significant number of opportunities and selected a diverse group of protocols that represented the best risk-adjusted reward under our newly adopted DeFi framework.
- Liquidity provisioning gains, which are driven as a function of the gross flows seen in our XBT provider products, are down on Q1 2021, and also the average quarterly performance for 2021 as a whole. The volatility seen in Q1 2021 translated into significant gross flow for XBT on which we were able to capitalize. The market conditions thus far in 2022 have not resulted in a comparable level of flow on which liquidity provisioning gains can be achieved.
- Direct costs (which for the purpose of assessing the performance of Capital Markets, includes interest expense) have risen significantly in comparison to Q1 2021. This is due to a rise in average trading execution cost, coupled with interest payable on the increased level of amounts due to brokers. This has, in turn, impacted on the gross profit margin of Capital Markets, falling 29 percentage points to 65%.
- The overall gross margin of the Capital Markets activities has reduced notably when compared to last year, predominantly due to the fees remaining high due to the volume of trading undertaken without such significant gains arising from the business unit's delta neutral trading strategies.

(III) PRINCIPAL INVESTMENTS

GBP	Quarter ended 31 March 2022	Quarter ended 31 March 2021	Year ended 31 December 2021
Joint Venture Gain/(Loss)	(79,248)	(79,679)	(258,257)
Equity Principal Investments Gain/(Loss)	572,751	103,502	7,624,620
Digital Asset/SAFT/SAFE Gain/(Loss)	(639,958)	-	2,266,939
Total Gain/(Loss)	(146,455)	23,823	9,633,302

Investment	1 January 2022	Additions/(Disposals)	Gain/(Loss)*	31 March 2022
within investments:				
3iQ Digital Asset Management (3iQ)	7,587,422	-	(1,573,670)	6,013,752
SBG 1320, LLC (Kingdom Trust)	1,866,275	-	-	1,866,275
Kingdom Services Holdings LLC	18,588	-	-	18,588
Komainu Holdings Limited	2,348,725	-	(188,517)	2,160,208
FlowBank	8,725,450	20,257,103	19,301	29,001,854
New Gen Minting LLC (Viridi)	85,627	4,537	8,757	98,921
PlayDough	146,000	-	-	146,000
CoinShares Fund II – carried interest*	2,125,563	-	2,360,064	4,485,627
GTSA	649,157	-	(79,249)	569,908
Impervious	-	380,560	-	380,560
Mint Green	-	7,747	-	7,747
Other holdings	131,068	(94,559)	(35,213)	1,296
	23,683,875	20,573,358	493,503	44,750,736
Digital assets & other receivables				
Solana Tokens	2,633,414	23,067	(564,916)	2,091,565
Goose FX	226,091	-	772	226,863
Pyth	55,445	-	1,639	57,084
Arkadiko (DIKO Tokens)	276,434	6,635	(208,907)	74,161
Metaplex	147,854	-	4,370	152,224
RSS3	527,744	-	-	527,744
Syndica	221,780	-	6,557	228,337
Finrate	595,181	-	-	595,181
Pocket tokens	-	223,519	120,527	346,780
Alliance labs	-	184,149	-	184,149
	4,683,943	437,369	(639,958)	4,481,355
Total	28,367,818	21,010,727	(146,455)	49,232,091

*gain/(loss) inclusive of any fx adjustments on consolidation

- New investments made during the quarter include:
 - Impervious, which is focused on building the tools and infrastructure for the peer-to-peer internet. Impervious has interlaced Bitcoin Lightning, IPFS, WebRTC, and resilient relays to introduce a new peer-to-peer internet standard with practical applications that mitigate censorship and surveillance risk; and
 - Pocket Network, a decentralised infrastructure that uses cost-efficient economics to coordinate and distribute data at scale.
- The Group recognised a significant gain of £2.36 million in the quarter in respect of the carried interest in the CS2 fund, driven by the success of Blockdaemon which completed a series C fundraising round in January at a valuation of \$3.25 billion. This was offset by decreases in the carrying value of certain strategic investments and proprietary digital asset holdings.
- Our proprietary Solana holding has been impacted by pricing declines since the financial year end, and we have reassessed the value of our holding in 3iQ as part of our quarterly investments valuation review due to the quantum of the investee companies underlying AuM showing a decrease.
- The overall size of the Group's Principal Investments Portfolio has increased significantly following the acquisition of an increased stake in FlowBank, as announced in March.

(IV) CONSUMER PLATFORM

GBP	Quarter ended 31 March 2022	Quarter ended 31 March 2021	Year ended 31 December 2021*
NapBots	301,890	n/a	154,000
Mandates	395,316	n/a	303,627
Total revenue	697,206	n/a	457,627
Direct costs	(220,096)	n/a	(206,667)
Gross profit	477,110	n/a	250,960
Administrative expenses	(1,151,035)	n/a	(492,033)
Operating profit	(673,925)	n/a	(241,073)

- While work has already begun on the evolution of NapBots, Napoleon's automated trading platform, to ensure that it supports the expansion of our business, this work is ongoing and sits alongside the integration of these activities into the wider Group.
- The current performance of this business unit relates to legacy activities being the provision of trading strategies to investors, built on a subscription model. While these activities remain very important to us, we are excited to expand the reach of the product and platform to longer term investors looking to gain access to our digital trading strategies.
- The resources we are dedicating to the implementation of the next phase of growth are resulting in increased costs for this business unit, hence the present losses being experienced.
- Please note that the prior year performance relates to the one month period between acquisition and financial year end.

OTHER INFORMATION

Note on digital asset accounting treatment

We have presented, on page 25, an alternative statement of comprehensive income, which presents the Group's performance should the fair value gains on digital assets be carried through profit and loss. The Directors believe the Group's alternative statement of comprehensive income, resultant EPS and APM tables on pages 8 to 13 represent a true and fair view of the fair view of the Group's performance.

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

Therefore, it is the opinion of management that the total comprehensive income figure, inclusive of digital asset gains and losses, is the most representative measure of the Group's overall performance.

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

Parent Company

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 consolidated results of the Group, headed by the Company.

Seasonal variations

The Group's activities and financial performance are not impacted by seasonality. The activities of the Group are impacted by ongoing developments within the digital asset ecosystem, including (but not limited to) (i) digital asset price fluctuations, (ii) regulatory matters arising in a variety of jurisdictions, and (iii) competing products & services.

Personnel

The number of full-time employees as at the end of Q1 2022 was 95 (Q1 2021: 44).

Related Party transactions

The following related party transactions occurred during the quarter:

FlowBank

On 10 January 2022, CoinShares entered into a service agreement with FlowBank, an associate of the Group. Under the terms of the service agreement, CoinShares shall provide to FlowBank support resource of one individual for a maximum of 6 days per calendar month to provide input into the recruitment of technical resources & guidance on the development of software projects and associated infrastructure, at a cost of £3,600 per calendar month. As at 31 March 2022, a total of £10,800 has been charged, which remains outstanding at quarter end (Q1 2021: £nil).

Komainu

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 quarter of £10,832 (Q1 2020: £21,110) of which £10,294 (Q1 2020: £20,970) remains outstanding at quarter end. The Group has a recharge agreement with KHL which allows for use of office facilities. £53,190 (Q1 2020: £53,190) has been charged for this for the quarter ended 31 March 2022 of which £17,730 (Q1 2020: £35,460) is outstanding at the quarter end.

Komainu (Jersey) Limited ('KJL'), a wholly owned subsidiary of KHL provides custodial services to the Group. During the quarter, the Group paid fees to KJL of £446,257 (Q1 2020: £1,150,492) of which £143,872 (Q1 2020: £468,829) was outstanding at the quarter end. The Group has settled expenditure on behalf of KJL of £50,894 (Q1 2020: £nil) of which £nil (Q1 2020: £nil) is outstanding at the quarter end. KJL also settled expenditure on behalf of the Group of £1,144 (Q1 2020: £nil) of which £nil (Q1 2020: £nil) was outstanding at the quarter end. The Group has a service agreement with KJL which allows for support regarding staking and operations. £2,000 (Q1 2020: £nil) has been charged for this for the quarter ended 31 March 2022 of which £2,000 (Q1 2020: £nil) is outstanding at the quarter end.

3iQ

As at the end of March 2022, the Group holds a number of fully collateralised digital asset ETPs referencing Bitcoin and Ethereum, issued by 3iQ. 3iQ is an investee company of the Group where Meltem Demirors, CSO of CoinShares holds a board seat.

Regulatory & Compliance Developments

New legislation or regulations, decisions by legislators and / or regulators or changes regarding the application or interpretation of existing legislation, regulations or decisions, may positively or adversely affect the market for digital assets and digital asset products. A summary of upcoming regulatory developments in key jurisdictions relevant to CoinShares are set out below.

EU

On 24 September 2020, the EU Commission released the Proposal for a Regulation on Markets in Crypto-assets ("MiCA") as part of the EU Digital Finance Strategy. MiCA aims to create a comprehensive framework for digital assets not already subject to European financial services legislation. MiCA is also concerned with digital asset service providers. The trilogue process, involving the European Commission, the Council of the European Union and the European Parliament, is expected to commence during Q2 2022.

Digital asset service providers under MiCA will be required to be authorised by their home state regulator before they can offer those services in the EU. The digital asset services within scope include custody, trading platform operations, fiat to digital asset and digital asset to digital asset exchanges, placing of digital assets, execution of digital asset orders and advising on digital assets.

The EU trilogue process in relation to the Transfer of Funds Regulation ("TFR") will commence in Q2 2022. The TFR proposes extending the KYC requirements to crypto-transfers and obliging P2P transfers to be accompanied by the sender's and the recipient's data.

UK

The UK Treasury recently released proposals to make the UK a global cryptoasset technology hub (<https://www.gov.uk/government/news/government-sets-out-plan-to-make-uk-a-global-cryptoasset-technology-hub>).

These proposals included:

- stablecoins being brought within regulation paving their way for use in the UK as a recognised form of payment;
- the introduction of a “financial market infrastructure sandbox” to enable firms to experiment and innovate;
- establishing a Cryptoasset Engagement Group to work more closely with the industry; and
- exploring ways of enhancing the competitiveness of the UK tax system to encourage further development of the cryptoasset market.

In relation to AML/KYC, the HM Treasury released a consultation in 2021. This was titled, Amendments to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 Statutory Instrument 2022, and mandated the crypto travel rule. This consultation is closed for comments but the final response paper to the Consultation has not yet been published.

US

In March 2022 President Biden issued an Executive Order titled Ensuring Responsible Development of Digital Assets (<https://www.whitehouse.gov/briefing-room/presidential-actions/2022/03/09/executive-order-on-ensuring-responsible-development-of-digital-assets/>). It requests various reports to be provided addressing “policy recommendations, including potential regulatory and legislative actions, as appropriate, to protect United States consumers, investors, and businesses, and support expanding access to safe and affordable financial services”. As a consequence of the developing and fragmented regulatory landscape, the Company cannot fully anticipate and plan for possible future legislative

Accounting Policies

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

Aside from what has been noted below, the Group’s accounting policies remain consistent with those disclosed in the Group’s preliminary full year results for the period ended 31 December 2021, released on 22 February 2022.

The Group has updated the wording of its accounting policy for digital assets. The newly worded policy is reflected below. Please note that this updated wording is for clarification purposes only and has not resulted in any changes to the carrying value of the Group’s holdings.

Additionally, the Group has updated its accounting policy in respect of Simple Agreements for Future Tokens (SAFTs) and Simple Agreements for Future Equity (SAFEs).

Digital Assets

Digital assets are accounted for as intangible assets, held at fair value under the revaluation model.

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

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

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

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

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

This approach also reflects the prices that represent the most advantageous market available to sell each class of asset. The CSDS 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 CSDS prospectus. The XBT assets are tradeable on any exchange, therefore the average price of three exchanges (as defined in the prospectus) represents our best estimate of the most advantageous market price.

SAFTs

Within the Group's Principal Investments portfolio there exists a number of "Simple Agreements for Future Tokens". Such agreements stipulate the delivery of digital assets to the Group on a specified date or following the occurrence of a defined event. SAFTs are classified as digital asset receivables and held at cost until such a time when the tokens are delivered, at which point they are classified as digital assets and valued in accordance with the Group's policy for digital assets. The SAFT is monitored on an ongoing basis. In the event that the ultimate delivery of the tokens is called into question, or the likely value of the token holding is deemed to be lower than initial cost, the receivable will be impaired with such charge being taken through profit & loss.

SAFEs

Within the Group's Principal Investments portfolio there exists a number of "Simple Agreements for Future Equity". Such agreements stipulate the delivery of equity to the Group on a specified date or following the occurrence of a defined event. SAFEs are classified as receivables and held at cost until such a time when the equity is delivered, at which point they are classified as investments and valued in accordance with the Group's investment valuation policy. The SAFE is monitored on an ongoing basis. In the event that the ultimate delivery of the equity is called into question, or the likely value of the equity holding is deemed to be lower than initial cost, the receivable will be impaired with such charge being taken through profit & loss.

Issue, repurchases and repayments of equity

During the quarter ended 31 March 2022, the following share issuances, share option issuances, share splits, share redemptions and share options lapses occurred.

GBP	Shares	Options	Fully diluted share capital
31 December 2021	68,213,821	3,513,353	71,727,174
Options granted under the EIP	-	670,002	-
31 March 2022	68,213,821	4,183,355	72,397,176

The total number of options in issue represent 6.1% of the Group's issued share capital.

Business Combinations

No business combinations occurred during the quarter.

Principal Investment Classifications

As announced on 14 March 2022, the Group increased its stake in FlowBank to 29.3%. Due to the quantum of the shareholding this investment is now classified as an associate and accounted for using the equity method. The fair value of the investment on transition to an associate is the brought forward cost of the investment, being £29.0 million.

Intangible assets – digital assets

The Group held the following digital assets (inclusive of non-current digital asset receivables) as at 31 March 2022 and as at the last financial year end:

GBP	31 March 2022	31 December 2021
Bitcoin	962,153,683	1,141,472,252
Ethereum	1,148,724,924	1,451,213,511
Litecoin	4,948,623	3,436,376
XRP	5,738,972	2,668,536
Other digital assets	435,763,850	141,718,428
Total	2,557,330,052	2,740,509,103

Please note that the certificate liability is hedged by the Group's digital asset holdings and other financial instruments held within other assets and receivables.

Trade payables & other liabilities

The Group's liabilities as at 31 March 2022:

GBP	31 March 2022	31 December 2021
Amounts due to exchanges	40,967,172	49,510,925
Amounts owed to related parties	201,729	224,724
Accounts payable	1,620,350	1,181,896
Accrued liabilities	6,219,383	7,006,339
Certificate liability (i)	3,022,247,241	3,308,065,193
Other payables	198,614,730	126,804,487
Total	3,269,870,605	3,492,793,564

(i) Certificate liability

GBP	31 March 2022	31 December 2021
Bitcoin Tracker One	653,895,997	693,740,612
Bitcoin Tracker Euro	900,104,370	936,292,807
Ether Tracker One	460,343,597	561,828,061
Ether Tracker Euro	810,694,612	965,949,109
CoinShares Physical Bitcoin	116,379,423	97,567,239
CoinShares Physical Ethereum	61,909,764	48,592,824
CoinShares Physical Litecoin	3,299,240	2,117,670
CoinShares Physical XRP	5,058,134	1,976,871
CoinShares Physical Other	10,562,104	-
Total	3,022,247,241	3,308,065,193

Operating segments

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

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

The accounting policies of the operating segments differ from those adopted by the Group, with fair value gains generated from digital assets classified as P&L movements rather than movements through OCI. This treatment is consistent with that of the Alternative Statement of Comprehensive Income on page 25.

The Group does not monitor its assets and liabilities split by operating segment, but rather on a consolidated basis. The following is an analysis of the Group's revenue and results by reportable segment in Q1 2022 and Q1 2021:

Q1 2022 OPERATING SEGMENTS

GBP	Asset Management	Capital Markets	Principal Investments	Consumer Platform	Other	Total
Revenue	17,244,783	73,110	-	697,206	-	18,015,099
Loss on financial instruments	247,987,952	-	-	-	-	247,987,952
Gain on digital assets	(247,987,952)	1,028,571	(639,958)	-	-	(247,599,339)
Investment gains	-	-	493,503	-	-	493,503
Finance income	-	3,883,432	-	-	-	3,883,432
Other operating income	-	5,181,581	-	-	-	5,181,581
Total revenue, gains & other income	17,244,783	10,166,694	(146,455)	697,206	-	27,962,228
Finance costs	-	(2,189,132)	-	-	-	(2,189,132)
Direct costs	(1,594,503)	(1,407,506)	(51,300)	(220,096)	-	(3,273,404)
Gross profit	15,650,280	6,570,056	(197,755)	477,110	-	22,499,692
Other admin expenses	(1,371,361)	(768,891)	-	(1,151,035)	(3,210,435)	(6,501,722)
Operating profit	14,278,919	5,801,166	(197,755)	(673,925)	(3,210,435)	15,997,970
Income tax expense						60,987
FX on translation of subsidiaries						4,125,202
Total Comprehensive Income						20,184,159

Q1 2021 OPERATING SEGMENTS

GBP	Asset Management	Capital Markets	Principal Investments	Consumer Platform	Other	Total
Revenue	17,118,330	-	-	-	-	17,118,330
Loss on financial instruments	(1,780,347,391)	-	-	-	-	(1,780,347,391)
Gain on digital assets	1,780,347,391	20,334,399	-	-	-	1,800,681,790
Investment gains	-	-	23,823	-	-	23,823
Finance income	-	2,383,967	-	-	-	2,383,967
Other operating income		53,190				53,190
Total revenue, gains & other income	17,118,330	22,771,556	23,823	-	-	39,913,709
Finance costs	-	(739,626)	-	-	-	(739,626)
Direct costs	(1,262,111)	(616,467)	-	-	-	(1,878,578)
Gross profit	15,856,219	21,415,463	23,823	-	-	37,295,505
Other admin expenses	(629,353)	(438,819)	-	-	(2,822,427)	(3,890,599)
Operating profit	15,226,866	20,976,644	23,823	-	(2,822,427)	33,404,906
Income tax expense						(925,351)
FX on translation of subsidiaries						(395,836)
Total Comprehensive Income						32,083,719

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

This statement is presented in accordance with IFRS, resulting in fair value movements in digital assets accounted for through OCI. Please see page 25 for the Group's alternative statement of comprehensive income and page 26 for relevant definitions.

The Group's audited financial statements for the year ended 31 December 2021 will be included within the forthcoming annual report, scheduled for release on 31 May 2022.

	Q1 2022	Q1 2021	FY 2021
Revenue	18,015,099	17,118,330	80,892,448
Administrative expenses	(9,775,126)	(5,769,177)	(32,167,389)
Loss on financial instruments	247,987,952	(1,780,347,391)	(2,236,195,625)
Other operating income	5,181,581	53,190	11,426,819
Operating profit/(loss)	261,409,506	(1,768,945,048)	(2,176,043,747)
(Loss)/gain on investments	(1,787,313)	72,815	5,577,984
Share of joint venture and associate gain/(loss)	(79,248)	(79,679)	(290,861)
Profit/(loss) before interest and income tax expense	259,542,945	(1,768,951,912)	(2,170,756,624)
Finance income	3,883,432	2,383,967	10,904,601
Finance costs	(2,189,132)	(739,626)	(6,810,160)
Profit/(loss) before income tax expense	261,237,245	(1,767,307,571)	(2,166,662,183)
Income tax expense	60,987	(925,351)	(1,283,930)
Net profit/(loss)	261,298,232	(1,768,232,922)	(2,167,946,113)
Earnings per share (basic)	3.83	(27.26)	(32.62)
Earnings per share (diluted)	3.64	(27.26)	(32.62)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
FX on translation of foreign subsidiaries	4,125,202	(395,836)	1,799,824
	4,125,202	(395,836)	1,799,824
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Fair value gain on digital assets	(247,599,339)	1,800,681,790	2,278,412,565
Fair value gain on investments	2,360,064	30,687	2,079,240
	(245,239,275)	1,800,712,477	2,280,491,805
Total other comprehensive income	(241,114,073)	1,800,316,641	2,282,291,629
Total comprehensive income	20,184,159	32,083,719	114,345,516

CONDENSED CONSOLIDATED BALANCE SHEET

GBP	31 March 2022	31 March 2021	31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment	2,261,470	190,355	836,299
Digital assets	2,495,428	-	3,133,396
Goodwill	8,048,257	32,073	8,047,202
Other intangible assets	11,540,593	19,538	11,941,772
Investments	44,750,737	4,591,227	23,689,517
Trade receivables and other assets	1,360,044	330,892	1,175,895
	70,456,529	5,164,085	48,824,081
Current assets			
Trade receivables and other assets	1,040,398,707	129,713,237	1,072,986,379
Digital assets	2,554,834,624	3,313,480,115	2,737,375,707
Cash at bank	34,490,768	18,851,738	10,775,650
Amounts due from broker	127,263,309	68,711,264	118,975,658
	3,756,987,408	3,530,756,354	3,940,113,394
Total assets	3,827,443,937	3,535,920,439	3,988,937,475
LIABILITIES			
Current liabilities			
Trade payables and other liabilities	(3,269,870,605)	(3,279,699,085)	(3,492,793,564)
Amounts due to brokers	(332,474,572)	(153,499,987)	(292,706,977)
Lease liabilities	(1,003,370)	-	(210,356)
Current tax liabilities	(2,380,329)	(1,323,041)	(2,578,084)
	(3,605,728,876)	(3,434,522,113)	(3,788,288,981)
Net current assets	151,258,532	96,234,241	151,824,413
Non-current liabilities			
Lease liabilities	(649,433)	-	(101,157)
Total liabilities	(3,606,378,309)	(3,434,522,113)	(3,788,390,138)
Net assets	221,065,628	101,398,326	200,547,337
EQUITIES			
Share capital	33,766	32,943	33,766
Share premium account	30,781,210	15,151,649	30,781,210
Other reserves & Retained earnings	190,250,652	86,213,734	169,732,361
Total equity	221,065,628	101,398,326	200,547,337

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GBP	Share capital	Share premium account	Other reserves	Retained earnings	Total equity
At 1 January 2021	31,278	2,387,070	1,209,832,600	(1,155,708,593)	56,542,355
Loss for the period	-	-	-	(1,768,278,439)	(1,768,278,439)
Other comprehensive income for the period	-	-	1,800,285,954	30,687	1,800,316,641
Total comprehensive income	-	-	1,800,285,954	(1,768,247,752)	32,038,202
Shares issued	1,665	12,764,579	-	-	12,766,244
Share based payments	-	-	51,525	-	51,525
Total transactions with owners	1,665	12,764,579	51,525	-	12,817,769
Transfer of revaluation reserve: digital assets disposal	-	-	(842,232,552)	842,232,552	-
Total transfer of revaluation reserve	-	-	(842,232,552)	842,232,552	-
At 31 March 2021	32,943	15,151,649	2,167,937,527	(2,081,723,793)	101,398,326
At 1 January 2022	33,766	30,781,210	667,677,814	(497,945,453)	200,547,337
Loss for the period	-	-	-	261,298,232	261,298,232
Other comprehensive income for the period	-	-	(243,474,138)	2,360,065	(241,114,073)
Total comprehensive income	-	-	(243,474,138)	263,658,297	20,184,159
Share based payments	-	-	334,132	-	334,132
Total transactions with owners recognised in equity	-	-	334,132	-	334,132
Transfer of revaluation reserve: digital assets disposal	-	-	(122,760,171)	122,760,171	-
Total transfer of revaluation reserve	-	-	(122,760,171)	122,760,171	-
At 31 March 2022	33,766	30,781,210	301,777,637	(111,526,985)	221,065,628

CONDENSED CONSOLIDATED CASHFLOW STATEMENT

GBP	Q1 2022	Q1 2021	FY 2021
Cash flows from operating activities			
Loss after income tax expense	261,298,232	(1,768,278,439)	(2,167,946,113)
Adjustments for:			
- Depreciation of property, plant and equipment	240,656	38,240	175,534
- Amortisation of intangible assets	446,654	1,145	872,926
- Share-based payment expense	334,132	51,525	1,649,133
- Finance income	(3,883,432)	(2,383,967)	(10,904,601)
- Finance costs	2,189,132	739,626	6,810,160
- Income tax expense	(60,987)	925,351	1,283,930
- Gain on other financial instruments	7,539,846	(27,175,755)	187,532,126
- Loss/(gain) on investments	1,787,313	(72,815)	(5,577,984)
- Share of joint venture losses	79,248	79,679	290,861
	269,970,794	(1,796,075,410)	(1,985,814,028)
Changes in working capital:			
- Trade receivables and other assets	335,997,339	(67,810,515)	(1,196,393,245)
- Trade payables and other liabilities	(651,431,206)	1,499,439,163	1,653,931,516
Cash generated from operations	(45,463,073)	(364,446,762)	(1,528,275,757)
Finance costs paid	(2,187,027)	(739,626)	(6,810,160)
Income taxes paid	(137,482)	-	(557,582)
Net cash flow generated from operating activities	(47,787,582)	(365,186,388)	(1,535,643,499)
Cash flows from investing activities			
Net disposal of digital assets	42,317,240	327,924,864	1,411,088,994
Purchases of intangible assets	(44,764)	-	(230,244)
Purchases of property, plant and equipment	(156,946)	(5,576)	(209,895)
Disposals of property, plant and equipment	-	-	-
Acquisition of subsidiaries	-	-	(2,064,753)
Proceeds on disposal of subsidiaries	-	-	-
Acquisition of investments in joint ventures	-	-	(755,902)
Acquisition of other investments & associates	(20,638,602)	-	(12,501,036)
Proceeds on disposal of other investments	-	-	-
Net disposal of listed equities	79,378	-	(212,931)
Finance income	3,627,407	2,383,968	10,904,601
Net cash used in investing activities	25,183,713	330,303,256	1,406,018,834
Cash flows from financing activities			
Issue of shares	-	12,766,244	12,766,244
Repayment of lease liabilities	(169,075)	-	-
Loan issue	20,329,345	-	-
Net cash used in financing activities	20,160,270	12,766,244	12,766,244
Net decrease in cash and cash equivalents	(2,443,599)	(22,116,888)	(116,858,421)
Cash and cash equivalents			
At the beginning of the year	(162,955,669)	(43,317,497)	(43,317,497)
Effects of currency translation on cash and cash equivalents	(5,321,227)	(502,600)	(2,779,751)
At the end of the period	(170,720,495)	(65,936,985)	(162,955,669)
Cash and cash equivalents comprise			
Cash at bank	34,490,768	18,851,738	10,775,650
Amounts due from brokers	127,263,309	68,711,264	118,975,658
Amounts due to brokers	(332,474,572)	(153,499,987)	(292,706,977)
At the end of the period	(170,720,495)	(65,936,985)	(162,955,669)

ALTERNATIVE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The alternative presentation of the SOCI is designed to reflect the performance of the Group if gains on digital assets were taken through profit and loss at fair value, rather than through Other Comprehensive Income.

The Directors believe the Group's alternative statement of comprehensive income and other alternative performance measures provide a more true and fair view for investors when evaluating the performance of the Group than the financial statements presented in accordance with IFRS alone.

GBP	Q1 2022	Q1 2021	FY 2021
Revenue	18,015,099	17,118,330	80,892,448
Net gain on financial instruments and digital assets	388,613	20,334,399	42,216,940
Other operating income	5,181,581	53,190	11,426,819
Gain/(loss) on investments	493,503	23,823	7,366,363
Finance income	3,883,432	2,383,967	10,904,601
Total Revenue, Gains and Other Income	27,962,228	39,913,709	152,807,171
Administrative expenses	(9,213,823)	(5,729,792)	(31,118,929)
Adjusted EBITDA	18,748,405	34,183,917	121,688,242
Depreciation	(114,649)	(38,240)	(175,534)
Amortisation	(446,654)	(1,145)	(872,926)
Adjusted EBIT	18,187,102	34,144,532	120,639,782
Interest expense	(2,189,132)	(739,626)	(6,810,160)
Profit before tax	15,997,970	33,404,906	113,829,622
Income tax expense	60,987	(925,351)	(1,283,930)
Net profit	16,058,957	32,479,555	112,545,692
Earnings per share (basic)	0.30	0.50	1.72
Earnings per share (diluted)	0.28	0.48	1.64
Other comprehensive income			
FX on translation of foreign subsidiaries	4,125,202	(395,836)	1,799,824
Total other comprehensive income	4,125,202	(395,836)	1,799,824
Total comprehensive income	20,184,159	32,083,719	114,345,516

DEFINITIONS

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

ALTERNATIVE PERFORMANCE MEASURES & ACCOUNTING DEFINITIONS

The Group's financial statements are prepared under IFRS. The performance of the Group is best reflected by alternative performance measures ("APMs") that do not align with the IFRS treatment of digital assets, specifically the IFRS treatment of fair value gains on such assets being taken through other comprehensive income rather than at fair value through profit and loss ("FVTPL"). Please see the alternative statement of comprehensive income ("SOCI") on page 25, which the Directors believe provides a true and fair view of the group's performance.

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

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

Adjusted EBITDA	The Group's Earnings, before finance costs, taxation, depreciation, amortisation and other movements through OCI
Adjusted EBIT	The Group's Earnings, before finance costs, taxation, and other movements through OCI
APM	Alternative performance measures
Revenue, Gains & Other Income	The combined (i) revenue, (ii) investment gains, (iii) finance income, (iv) other income and (v) net fair value gains on digital assets and financial instruments generated by the Group Less administrative costs excluding depreciation and amortisation
Gross Profit	In relation to the performance of the Group's operating segments, total gains/revenue/other income, less Direct costs.
Operating Profit	In relation to the performance of the Group's operating segments, Gross Profit less administrative expenses directly attributable to the business unit.
Direct costs	Costs directly attributable to the activities undertaken by the various operating segments of the Group in order to generate gains/revenue/other income.
Asset Management Fees	The revenue of the group, generated by the XBT and CSDS ETP programmes
Principal Investment Gains	Together the movement in the fair value of the Group's investments, JVs and certain proprietary digital assets
Capital Markets Gains	Together, the Group's finance income, net fair value gains on digital assets and financial instruments and other income
OCI	Other Comprehensive Income
Adjusted EPS	Earnings per share
SOCI	Statement of Comprehensive Income
FVTPL	Fair value through profit and loss
JV	Joint Venture

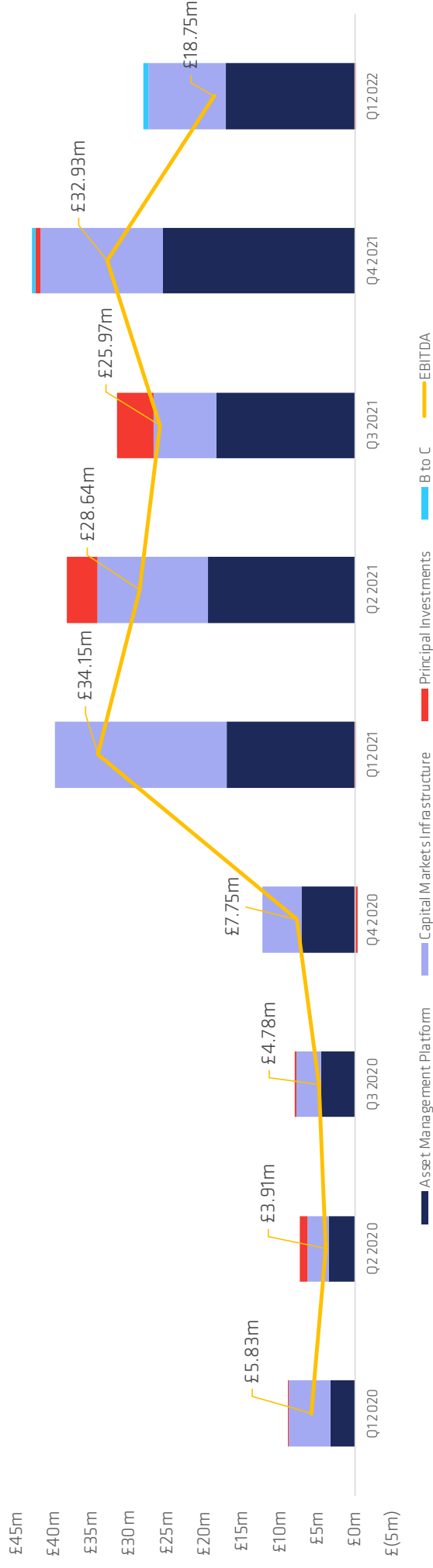


**HISTORICAL
QUARTERLY
DATA**



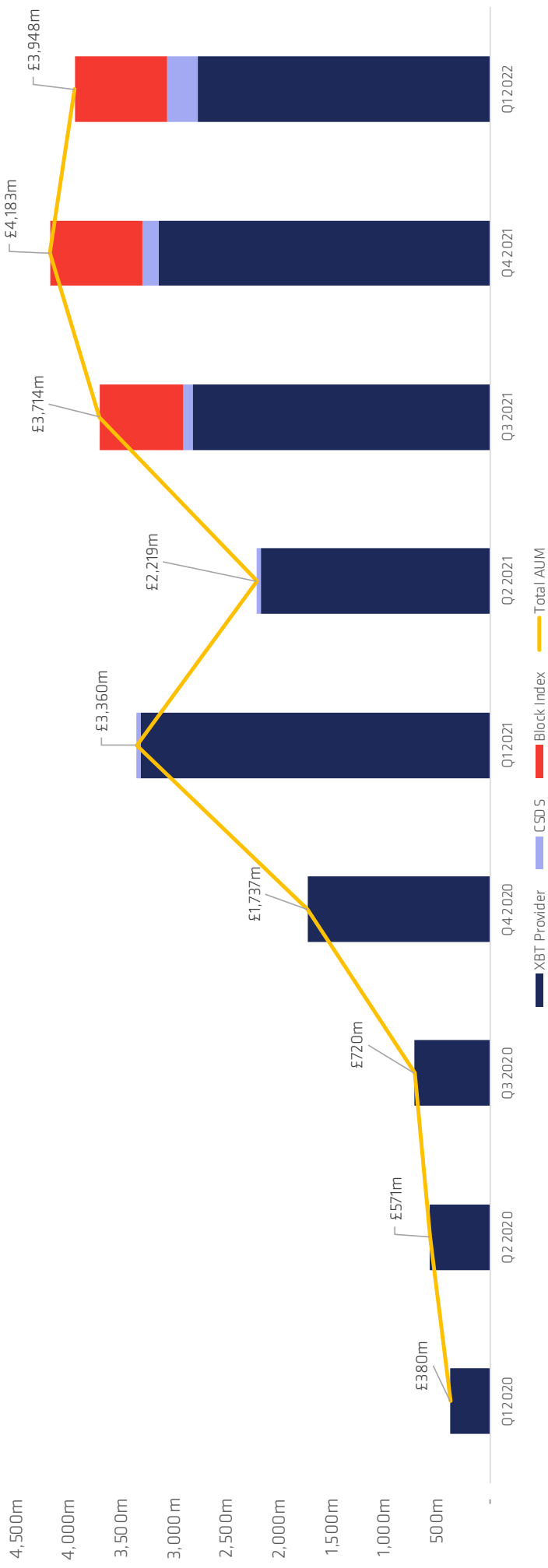
2020-2022 QUARTERLY PERFORMANCE (GBP)

GBP	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	FY 2020	FY 2021
Asset Management Platform	3,258,895	3,507,646	4,535,917	7,086,955	17,118,330	19,558,183	18,388,113	25,524,195	17,244,783	988,687	80,588,821
Capital Markets Infrastructure	5,563,942	2,797,196	3,240,965	5,233,384	22,771,556	14,657,816	8,449,548	16,248,501	10,166,694	18,389,413	62,127,421
Principal Investments	39,912	1,071,578	244,323	(367,126)	(6,864)	4,149,110	4,831,260	659,796	(146,455)	16,835,488	9,633,302
Consumer Platform	-	-	-	-	-	-	-	457,627	697,206	-	457,627
Total	8,862,749	7,376,420	8,021,205	11,953,213	39,883,022	38,365,109	31,668,921	42,890,119	27,962,228	36,213,588	152,807,171
Administrative expenses	(3,034,673)	(3,466,756)	(3,241,449)	(4,200,565)	(5,729,791)	(9,725,109)	(5,699,978)	(9,964,051)	(9,213,823)	(13,943,442)	(31,118,929)
EBITDA	5,828,077	3,909,664	4,779,757	7,752,648	34,153,231	28,640,000	25,968,943	32,926,068	18,748,405	22,270,146	121,688,242
EBITDA (%)	65%	52%	59%	65%	86%	75%	82%	77%	67%	61%	80%



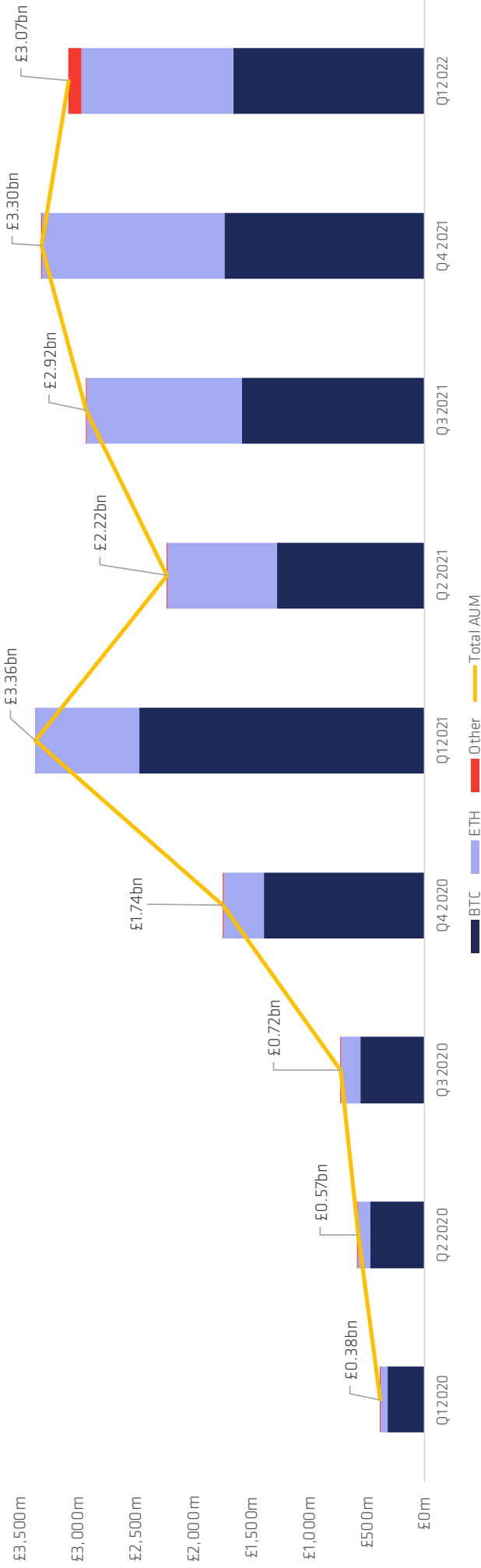
ASSET MANAGEMENT PLATFORM AUM (GBP)

GBP	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
XBT Provider	379,809,288	570,967,991	719,597,059	1,737,393,745	3,324,044,649	2,180,564,420	2,825,779,657	3,152,268,378	2,779,982,364
CSDS	-	-	-	-	36,025,168	38,393,156	90,384,222	150,254,999	292,237,831
Block Index	-	-	-	-	-	-	798,217,118	880,466,340	875,706,190
Total AUM	379,809,288	570,967,991	719,597,059	1,737,393,745	3,360,069,817	2,218,957,576	3,714,380,997	4,182,989,717	3,947,926,386

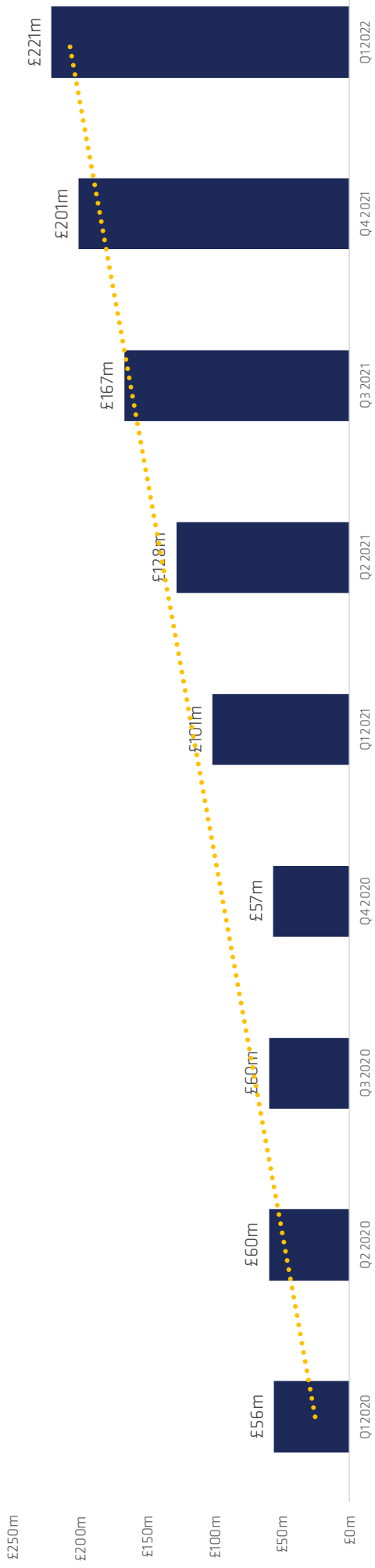


ASSET MANAGEMENT PLATFORM ETP AUM BY DIGITAL ASSET (GBP)

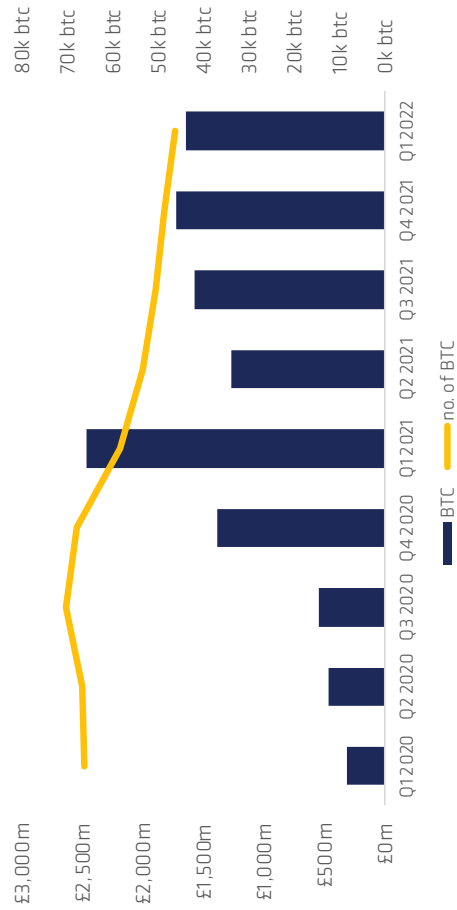
GBP	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Total AUM	379,809,288	570,967,991	719,597,059	1,737,393,745	3,359,864,596	2,218,957,576	2,916,163,879	3,302,523,376	3,072,220,196
BTC	316,851,814	464,848,907	548,307,010	1,383,469,532	2,462,381,192	1,270,282,155	1,575,885,718	1,723,069,736	1,645,380,357
ETH	61,611,353	104,674,296	168,898,269	347,749,740	897,483,404	947,184,560	1,336,830,254	1,575,359,088	1,312,883,193
Other	1,346,121	1,444,789	2,391,780	6,174,473	-	1,490,862	3,447,907	4,094,553	113,956,646
no. of BTC	66,174	66,813	70,178	67,809	58,315	53,258	50,565	48,570	46,312
no. of ETH	670,174	629,326	655,225	673,412	683,411	635,641	610,668	564,166	509,398
no. of LTC	15,717	16,010	22,890	36,111	-	6,178	15,685	19,087	19,087
no. of XRP	6,401,220	6,882,920	9,067,275	19,743,545	-	1,846,028	2,355,362	3,177,466	3,177,466



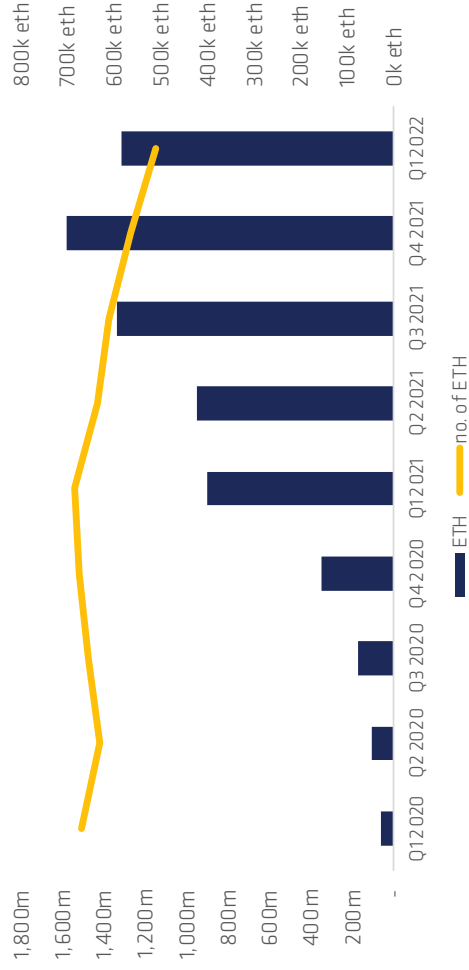
GROUP NET ASSET POSITION (GBP)



BTC AUM VS. BTC INFLOW/OUTFLOW



ETH AUM VS. ETH INFLOW/OUTFLOW



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