

CoinShares International Limited

Registration number: 102185

Annual Report

Audited consolidated financial statements for the year ended 31 December 2024

CoinShares International Limited

(company number: 102185)

Annual Report

Audited consolidated financial statements for the year ended 31 December 2024

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CoinShares International Limited

Company Information

Audited consolidated financial statements for the year ended 31 December 2024

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 2nd Floor, Lime Grove House Green Street St Helier Jersey JE2 4UB
Bankers	Britannia Bank and Trust Limited (formerly Deltec Bank and Trust Limited) Building 2 Caves Village PO Box N 3917 Nassau The Bahamas DBS Bank Ltd 12 Marina Boulevard Singapore 018982 Barclays Bank 13 Library Place Jersey JE4 8NE Handelsbanken Kungsträdgårdsgatan 2 106 70 Stockholm 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

CoinShares International Limited

Company Information (continued)

Audited consolidated financial statements for the year ended 31 December 2024

Bankers (continued)

Customers Bank
Rye Ridge Shopping Center
102 South Ridge Street
Rye Brook
New York
10573

Sparkasse Bank Malta plc (from December 2024)
101 Townsquare
Ix-Xatta ta'Qui-si-Sana
Sliema SLM3112
Malta

FlowBank S.A (inactive from June 2024)
Esplanade de Pont-Rouge 6
1211 Geneva 26
Switzerland

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

Baker & McKenzie Advokatbyrå KB
Vasagatan 7, Floor 8
P.O Box 180
SE-101 23 Stockholm
Sweden

Brokers

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

Interactive Brokers LLC
110 Bishopsgate
London EC2N 4AY

CoinShares International Limited

Company Information (continued)

Audited consolidated financial statements for the year ended 31 December 2024

Brokers (continued)

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

Mangold Fondkommission AB
Engelbrektsplan 2
114 34 Stockholm

BMO Capital Markets Ltd
100 Liverpool Street
London EC2M 2AT

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

CoinShares International Limited

Directors' Report

Audited consolidated financial statements for the year ended 31 December 2024

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 18(a) of the financial statements (collectively the 'Group'), for the year ended 31 December 2024.

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.

Restatement of results

During the year the directors elected to change the accounting policy of its digital assets. The change has resulted in the Group's results being restated for 31 December 2023. This restatement has been reflected in all pages of these consolidated financial statements. Further information can be found in note 2 of the financial statements.

Results and dividends

The total comprehensive income for the year amounted to £107,182,090 (2023: £38,396,035). The profit for the year, after taxation, amounted to £104,359,320 (2023: £46,439,648).

During the year the Group declared a special dividend of £24,334,475 (2023: £nil) and declared a regular dividend of £9,250,492 (2023: £nil), of which £6,937,869 (2023: £nil) had been paid during the year.

The Group purchased 90,205 (2023: 1,597,706) shares on the public market as part of a share buyback program for a total consideration of £268,995 (2023: £4,216,180). On 14 February 2024 the Group announced the cancellation of all treasury shares held 1,474,631 (2023: 200,050) with a market value of £3,926,374 (2023: £551,399).

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.

CoinShares International Limited

Directors' Report (continued)

Audited consolidated financial statements for the year ended 31 December 2024

Statement of directors' responsibilities (continued)

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.

So far as the directors are aware, there is no relevant audit information of which the Group's auditors are unaware, and each director has taken all the steps he or she ought to have as a director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Directors

The directors who held office during the year and subsequently are set out on page 3.

Company Secretary

The Company Secretary who held office during the year and subsequently is set out on page 3.

Going concern

The Group had net assets of £313,955,299 (2023: £239,245,005) and total comprehensive income of £107,182,090 (2023: £38,396,035). 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. The Group holds assets in excess of the various liabilities arising from the issuance of these products. 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 policies and procedures 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 20 of the financial statements.

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 30 May 2025.

The report was approved by the board on 31 March 2025 and signed on its behalf.

Jean-Marie Mognetti

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Jean-Marie Mognetti
Director

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 2024, 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 2024, 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
<p>Valuation of investments There is a risk that investments could be materially misstated and incorrectly disclosed in the consolidated financial statements.</p> <ul style="list-style-type: none"> Total value: £19,998,654 (2023: £44,924,207) As disclosed in note 12. 	<p>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:</p> <ul style="list-style-type: none"> 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. 	<p>No issues were identified that were required to be communicated to those charged with governance.</p>
<p>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.</p> <ul style="list-style-type: none"> Total value: £19,998,654 (2023: £44,924,207) As disclosed in note 12. 	<p>For each material investment held by the Group we have obtained third party confirmation of ownership.</p>	<p>No issues were identified that were required to be communicated to those charged with governance.</p>
<p>Digital assets: 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.</p> <ul style="list-style-type: none"> Total value: £3,627,205,737 (2023: £2,377,652,328) As disclosed in note 9. 	<p>Our substantive procedures included performing the following:</p> <ul style="list-style-type: none"> 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 	<p>No issues were identified that were required to be communicated to those charged with governance.</p>

	<ul style="list-style-type: none"> 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. 	
<p>Digital assets – Valuation There is a risk that the value attached to the digital assets is materially misstated.</p> <ul style="list-style-type: none"> Total value: £3,627,205,737 (2023: £2,377,652,328) As disclosed in note 9. 	<p>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.</p>	<p>No issues were identified that were required to be communicated to those charged with governance.</p>
<p>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.</p> <ul style="list-style-type: none"> Total value: £4,171,982,737 (2023: £2,351,475,523) As disclosed in note 11. 	<p>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.</p>	<p>No issues were identified that were required to be communicated to those charged with governance.</p>
<p>ETP liability – Valuation There is a risk that the value attached to the ETP liability is materially misstated.</p> <ul style="list-style-type: none"> Total value: £4,171,982,737 (2023: £2,351,475,523) As disclosed in note 11. 	<p>The valuation of the certificates has been tested by:</p> <ul style="list-style-type: none"> 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. 	<p>No issues were identified that were required to be communicated to those charged with governance.</p>

Our Application of Materiality

Materiality for the consolidated financial statements as a whole was set at £ 9,418,000 (2023: £7,163,000), determined with reference to a benchmark of net assets, of which it represents 3% (2023: 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% (2023: 60%) of materiality for the consolidated financial statements as a whole, which equates to £5,650,800 (2023: £4,297,800). 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 £470,000 (2023: £358,000), in addition to those that warranted reporting on qualitative grounds.

Of the Group's 20 (2023: 19) reporting components, including the Company, we subjected 8 (2023: 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% (2023: 90%) 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.

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 pages 6 and 7, 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;
- Review the detail agreements in respect of all fees and reperform the calculations with reference to these agreements;
- 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 2024.

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.

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.



Hafeez Azeez

For and on behalf of Baker Tilly Channel Islands Limited

Chartered Accountants

St Helier, Jersey

Date: 31 March 2025

CoinShares International Limited

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

		2024	2023
	Note	£	Restated £
Revenue	5(a)	87,332,805	43,082,721
Cost of sales	7(a)	(13,379,248)	(5,687,494)
Gross profit		73,953,557	37,395,227
Administrative expenses	7(b)	(34,775,343)	(26,112,691)
Other operating income	5(b)	34,090,608	27,274,329
Gain on digital assets held as inventory	9(a)	1,345,171,305	1,103,014,326
Gain on digital assets held for collateral purposes	9(b)	574,218,492	183,662,946
Loss on certificate liability	11(e)	(2,396,252,307)	(1,470,485,132)
Other operating gains through profit and loss	11	502,477,326	191,994,105
Operating profit		98,883,638	46,743,110
Non-recurring income	5(c)	28,787,099	-
Fair value (loss)/gain on investments through profit and loss	12	(387,283)	11,365,752
Impairment/loss in associates	12	(19,813,328)	(10,590,566)
Finance income	7(c)	6,642,330	6,397,041
Finance costs	7(c)	(9,021,684)	(6,902,019)
Profit before tax		105,090,772	47,013,318
Tax expense	8	(731,452)	(573,670)
Profit after tax		104,359,320	46,439,648
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		3,174,922	(8,192,795)
		3,174,922	(8,192,795)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Fair value gain on financial assets through other comprehensive income		(352,152)	149,182
		(352,152)	149,182
Total other comprehensive income/(loss)		2,822,770	(8,043,613)
Total comprehensive income		107,182,090	38,396,035
Earnings per share			
Basic	24	1.56	0.69
Diluted	24	1.48	0.65

The notes on pages 21 to 91 are an integral part of these financial statements.

CoinShares International Limited

Consolidated Statement of Financial Position

As at 31 December 2024

		31 December 2024	31 December 2023 Restated	1 January 2023 Restated
		£	£	£
ASSETS				
Non-current assets				
Property, plant and equipment	13(a)	2,406,144	3,065,552	1,935,862
Digital assets held as inventory	9(a)	-	1,331,614	111,978
Goodwill	13(c)	2,247,287	941,507	943,484
Other intangible assets	13(d)	8,858,113	9,716,511	11,048,448
Investments	12	19,998,654	25,110,879	14,607,957
Investments in associates	12	-	19,813,328	30,403,893
Trade and other receivables	11(a)	1,256,818	328,614	806,052
Other non-current assets	11(b)	894,377	2,211,742	1,968,199
		35,661,393	62,519,747	61,825,873
Current assets				
Cash and cash equivalents	11(c)	19,859,572	25,507,944	134,768,904
Digital assets held as inventory	9(a)	2,442,813,368	1,896,954,602	750,991,303
Digital assets held for collateral purposes	9(b)	1,184,392,369	478,895,757	117,931,214
Other current assets	11(b)	1,113,357,091	266,093,775	177,565,924
Trade and other receivables	11(a)	2,977,315	2,241,203	1,458,179
		4,763,399,715	2,669,693,281	1,182,715,524
Total assets		4,799,061,108	2,732,213,028	1,244,541,397
LIABILITIES				
Current liabilities				
Certificate liability	11(e)	(4,171,982,360)	(2,351,475,523)	(986,707,490)
Amounts due to brokers	11(d)	(79,011,258)	(669,402)	-
Trade and other payables	11(f)	(10,523,355)	(5,612,218)	(3,969,783)
Other current liabilities	11(g)	(201,457,063)	(108,940,878)	(27,116,746)
Current lease liabilities	13(b)	(583,820)	(563,633)	(1,307,507)
Current tax liabilities	8	(91,987)	(156,970)	(235,814)
		(4,463,649,843)	(2,467,418,624)	(1,019,337,340)
Net current assets		299,749,872	202,274,657	163,378,184
Non-current liabilities				
Non-current lease liabilities	13(b)	(1,801,699)	(2,404,272)	(28,980)
Non-current loans	11(g)	(19,654,267)	(23,145,127)	(21,433,967)
		(21,455,966)	(25,549,399)	(21,462,947)
Total liabilities		(4,485,105,809)	(2,492,968,023)	(1,040,800,287)
Net assets		313,955,299	239,245,005	203,741,110

CoinShares International Limited

Consolidated Statement of Financial Position (continued)

As at 31 December 2024

		31 December 2024	31 December 2023 Restated	1 January 2023 Restated
		£	£	£
EQUITY	Note			
Share capital	14(a)	33,006	33,667	33,766
Share premium	14(a)	30,223,904	30,690,938	30,781,210
Other reserves	14(b)	19,399,182	11,582,904	22,136,272
Retained earnings		264,299,207	196,937,496	150,789,862
Total equity		313,955,299	239,245,005	203,741,110

The financial statements on pages 15 to 91 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: 31 March 2025

The notes on pages 21 to 91 are an integral part of these financial statements.

CoinShares International Limited

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Note	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total equity £
At 31 December 2022 (Restated)		33,766	30,781,210	22,136,272	150,789,862	203,741,110
Profit for the year		-	-	-	46,439,648	46,439,648
Other comprehensive loss for the year		-	-	(8,192,795)	149,182	(8,043,613)
Total comprehensive income		-	-	(8,192,795)	46,588,830	38,396,035
Share buybacks		-	-	(4,216,180)	-	(4,216,180)
Share based payments		-	-	1,324,818	-	1,324,818
Share cancellations		(99)	(90,272)	551,399	(461,028)	-
Share options exercised		-	-	(20,610)	19,832	(778)
Total transactions with owners recognised in equity		(99)	(90,272)	(2,360,573)	(441,196)	(2,892,140)
At 31 December 2023 (Restated)		33,667	30,690,938	11,582,904	196,937,496	239,245,005
Profit for the year		-	-	-	104,359,320	104,359,320
Other comprehensive income for the year		-	-	3,174,922	(352,152)	2,822,770
Total comprehensive income		-	-	3,174,922	104,007,168	107,182,090
Share buybacks	14	-	-	(268,994)	-	(268,994)
Share option related charges		-	-	-	199,319	199,319
Share based payments	14	-	-	1,047,092	-	1,047,092
Share cancellations	14	(730)	(665,835)	3,863,258	(3,259,809)	(63,116)
Share options exercised	14	69	198,801	-	-	198,870
Dividends paid		-	-	-	(33,584,967)	(33,584,967)
Total transactions with owners recognised in equity		(661)	(467,034)	4,641,356	(36,645,457)	(32,471,796)
At 31 December 2024		33,006	30,223,904	19,399,182	264,299,207	313,955,299

The notes on pages 21 to 91 are an integral part of these financial statements.

CoinShares International Limited

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

		2024	2023
	Note	£	Restated £
Cash flows from operating activities			
Profit after income tax expense		104,359,320	46,439,648
Adjustments for:			
- Depreciation of property, plant and equipment	13(a)	227,229	201,619
- Depreciation of right-of-use assets	13(a)	567,161	1,211,439
- Impairment expense	16(b)	1,632,262	-
- Amortisation of other intangible assets	13(d)	1,567,451	1,789,875
- Share-based payment expense	23(d)	1,000,202	1,324,818
- Finance and other income	7(c)	(6,668,416)	(10,224,023)
- Finance costs and other expenses	7(c)	9,038,384	6,902,019
- Income tax expense	8	731,452	573,670
- Other operating gains through profit and loss	11	(484,920,879)	(188,837,892)
- Loss on certificate liability	11(e)	2,396,252,307	1,470,485,132
- Gain on digital assets	9	(1,920,111,468)	(1,286,617,112)
- Loss/(gain) on investments	12	267,914	(11,365,752)
- Impairment/loss in associates	12	19,813,328	10,590,566
- Gain on foreign exchange		(17,239,105)	(3,156,213)
- Other operating income/gains	5(b)	(44,580,148)	(22,195,819)
- Trading expenses		104,632	119,206
		62,041,626	17,241,181
Changes in working capital:			
- (Increase)/decrease in trade receivables and other assets	11(a)	(345,121,694)	82,860,609
- Increase in trade payables and other liabilities	11(f)	587,039	651,049
		(282,493,029)	100,752,839
Changes in operating activities:			
- Net sales/(purchases) of digital assets		887,936,844	(62,412,704)
- Net purchases of ETP liabilities		(666,292,213)	(137,854,204)
Cash used in operations		(60,848,398)	(99,514,069)
Finance costs paid	7(c)	(8,594,684)	(6,614,612)
Income taxes paid	8	(249,110)	(650,644)
Net cash flow used in operating activities		(69,692,192)	(106,779,325)
Cash flows from investing activities			
Purchases of other intangible assets	13(d)	(1,186,747)	(845,056)
Disposals of other intangible assets	13(d)	-	(282,287)
Purchases of property, plant and equipment	13(a)	(144,636)	-
Disposals of property, plant and equipment	13(a)	-	162,806
Acquisition of subsidiaries		21,423	-
Disposal/(acquisition) of other investments through profit and loss	12	3,682,131	(426,917)
Disposal of other investments through other comprehensive income		195,425	-
Finance income	7(c)	6,642,601	8,299,340
Net cash generated from investing activities		9,210,197	6,907,886

CoinShares International Limited

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2024

		2024	2023
	Note	£	Restated £
Cash flows from financing activities			
Issue of shares		247,348	-
Share premium		198,801	-
Repayment of long term loan	11(g)	(2,165,776)	(61,488)
Repayment of lease liabilities	13(b)	(443,906)	(588,487)
Cash payments for the interest portion of lease liabilities	13(b)	(142,999)	(77,866)
Share option liquidations	14	194,035	(14,307)
Share buybacks	14	(268,994)	(3,651,252)
Dividends paid		(32,813,569)	-
Increase on net amount due to brokers		76,839,497	669,401
Net cash generated from/(used in) financing activities		41,644,437	(3,723,999)
Net decrease in cash and cash equivalents		(18,837,558)	(103,595,438)
Cash and cash equivalents			
At the beginning of the year		25,507,944	134,768,902
Effects of currency translation on cash and cash equivalents		13,188,855	(5,665,520)
At the end of the year		19,859,241	25,507,944
Cash and cash equivalents comprise			
Cash at bank	11(c)	5,764,446	6,660,753
Amounts due from brokers	11(c)	5,743,370	16,270,974
Amounts due from exchanges	11(c)	8,351,756	2,576,217
Cash overdraft	11(g)	(331)	-
At the end of the year		19,859,241	25,507,944

The notes on pages 21 to 91 are an integral part of these financial statements.

CoinShares International Limited

Audited consolidated financial statements for the year ended 31 December 2024

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CoinShares International Limited

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1 General information and material accounting policies

CoinShares International Limited (the 'Company') and its subsidiaries (together the 'Group') primarily operate in Jersey, Channel Islands (see note 18 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 £313,955,299 (2023: £239,245,005), an operating profit of £98,883,638 (2023: £46,743,110), and total comprehensive income of £107,182,090 (2023: £38,396,035). 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. The Group holds assets in excess of the various liabilities arising from the issuance of these products. 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 policies and procedures 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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

1 General information and material accounting policies (continued)

(d) Basis of consolidation

The 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 affect 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).

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2 Change in accounting policy

The Group has elected to change its accounting policy for its digital assets. Previously, all digital assets were classified as IAS 38 - Intangible Assets ('IAS 38') and measured using the revaluation model with all gains above any previously recognised losses being shown in other comprehensive income. Following the change to the Group's accounting policy, such assets are now classified as either:

- Digital assets held as inventory, measured at fair value less costs to sell in accordance with IAS 2 - Inventories ('IAS 2'); or
- Intangible assets held for collateral purposes, subject to IFRS 9 - Financial Instruments for hedge accounting ('IFRS 9').

This change enhances the reliability and relevance of financial information presented, while remaining presented in accordance with IFRS and aligning more closely to its conceptual framework.

There is no effect on the total comprehensive income of the Group as a result of the change in accounting policy.

Application of IAS 2 and IFRS 9

The Group holds digital assets for different purposes, namely;

- to trade in accordance with the Collateral Management Agreement in respect of the Group's CoinShares XBT Provider AB ('XBTP') product suite;
- to collateralise the exchange traded products issued by its wholly owned subsidiary CoinShares Digital Securities Limited ('CSDSL'); and
- as investments with a view to sell in order to generate realised gains.

The IFRS Interpretations Committee concluded in their agenda decision titled "Holding of Cryptocurrencies" published in June 2019, that IAS 2 inventories applies to digital assets when they are either held for sale in the ordinary course of business, or being inventory held by an entity that is considered to be a broker-trader, described as an entity which buys or sells commodities for others or on their own account.

The directors have thus concluded that assets held to trade in accordance with the Collateral Management Agreement in respect of the Group's XBTP product suite and assets held as investments with a view to sell in order to generate realised gains meet the criteria of IAS 2. Digital assets held as inventory are included at fair value less costs to sell using the accounting principles set out in IAS 2 paragraph 5 relating to commodity broker-traders.

For the remaining digital assets held to collateralise the the ETP's issued by CSDSL, the directors have concluded that these meet the criteria for hedge accounting under IFRS 9 and qualify for fair value hedge accounting. The digital assets held as collateral are designated as a hedged item. These digital assets have always acted as a natural economic hedge to certain ETPs issued by the Group, demonstrating that such a designation was not made in hindsight, allowing for the retrospective application of hedge accounting.

Impact of change in accounting policy

The principal effect of these changes in designation as outlined above results in (i) gains and losses on digital assets previously recognised within other comprehensive income under IAS 38 to be taken through profit and loss and (ii) the removal of any associated revaluation reserve from equity via transfer to retained earnings. The impact on the financial statements of the Group for the year ended 31 December 2023 is outlined below.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2 Change in accounting policy (continued)

Statement of Comprehensive Income - Profit and Loss

	Revaluation model <i>through OCI</i>	Effect of policy change <i>through OCI</i>	Fair value less costs to sell <i>through profit and loss</i>
	£	£	£
For the year ended 31 December 2023			
Gain on digital assets	787,050,987	(787,050,987)	-
Gain on digital assets held as inventory	-	1,102,954,166	1,102,954,166
Gain on digital assets held for collateral purposes	-	183,662,946	183,662,946
Total effect of policy change		499,566,125	
(Loss)/profit after tax	(453,126,477)	499,566,125	46,439,648

All digital asset gains recognised through profit and loss under the IAS 38 revaluation model relate to the reversal of previously recognised losses only.

As a result of the policy change, all movements on digital assets are now being taken at fair value through profit and loss, designated as either gains/(losses) on (i) digital assets held as inventory or (ii) digital assets held for collateral purposes.

The effect of this change for the Group's results for the year ended 31 December 2023 amounts to an additional gain of £499,566,125 being taken at fair value through profit and loss. This brings the Group's result after tax from a loss after tax of £453,126,477 to a profit after tax of £46,439,648.

Statement of Comprehensive Income - Other Comprehensive Income

	Revaluation model <i>through OCI</i>	Effect of policy change <i>through OCI</i>	Fair value less costs to sell <i>through profit and loss</i>
	£	£	£
For the year ended 31 December 2023			
(Loss)/profit after tax	(453,126,477)	499,566,125	46,439,648
Gain/(loss) on digital assets through OCI	499,566,125	(499,566,125)	-
Other loss through OCI	(8,043,613)	-	(8,043,613)
Total comprehensive income	38,396,035	-	38,396,035

Under the IAS 38 revaluation model, all digital asset gains in excess of the initial cost price are taken through other comprehensive income

As a result of the policy change these gains are now taken at fair value through profit and loss, designated as either gain/(loss) on digital assets held as inventory or for collateral purposes.

The effect of this change for the Group's results for the year ended 31 December 2023 amounts to a reduction in the gain on digital assets through OCI by £499,566,125, equivalent to the corresponding move seen in profit or loss as above.

There is no effect on the total comprehensive income of the Group as a result of the change in accounting policy.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2 Change in accounting policy (continued)

Statement of Financial Position - Assets

	Revaluation model <i>through OCI</i>	Effect of policy change <i>through OCI</i>	Fair value less costs to sell <i>through profit and loss</i>
	£	£	£
As at 31 December 2023			
Digital assets	2,375,850,359	(2,375,850,359)	-
Digital assets held as inventory	-	1,896,954,602	1,896,954,602
Digital assets held for collateral purposes	-	478,895,757	478,895,757
Total digital assets	2,375,850,359	-	2,375,850,359

The effect of the policy change on the Group's statement of financial position has resulted in a reclassification of digital assets to either digital assets held as inventory or digital assets held for collateral purposes.

The effect of this policy change on the total assets, total liabilities and therefore net assets of the Group is nil.

Statement of Financial Position - Equity

	Revaluation model <i>through OCI</i>	Effect of policy change <i>through OCI</i>	Fair value less costs to sell <i>through profit and loss</i>
	£	£	£
As at 31 December 2023			
Share capital and premium	30,724,605	-	30,724,605
Other reserves	454,110,087	(442,527,185)	11,582,902
Retained earnings	(245,589,687)	442,527,185	196,937,498
Total digital assets	239,245,005	-	239,245,005

The effect of the change in policy has mitigated the requirement for the digital asset revaluation reserve within equity, given all movements on digital assets are taken at fair value through profit and loss. Therefore this reserve of £442,527,185 has been taken to retained earnings.

There has been no change to total equity or distributable reserves of the Group as a result of the policy change.

Earnings per share

	IAS 38 - Intangibles	Effect of policy change	IAS 2 - Inventory and IFRS 9 - Financial Instruments
	<i>Revaluation model</i>		<i>through profit and loss</i>
	£	£	£
As at 31 December 2023			
(Loss)/profit after tax	(453,126,477)	499,566,125	46,439,648
Share capital - basic	67,286,449	-	67,286,449
Share capital - diluted	71,263,478	-	71,263,478
EPS basic	(6.73)		0.69
EPS diluted	(6.36)		0.65

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2 Change in accounting policy (continued)

The impact on (loss)/profit after tax as a result of the policy change has resulted in a change to the Group's EPS as per above.

The combined effects of the policy lead to improved understandability of the Group's financial statements, financial performance and financial health.

3 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 2024, Bitcoin and Ethereum were valued at \$42.2k and \$2.3k, respectively. Over the course of 2024, Bitcoin's price more than doubled, surpassing \$100.0k, driven by the approval of spot Bitcoin ETFs in the U.S. and optimism surrounding pro-crypto policies following Donald Trump's election victory. Ethereum also saw significant gains, though it lagged behind Bitcoin, partly due to investor preference for Bitcoin ETFs and broader market dynamics. This price action, along with the resultant impact on other alt-coins within the industry, was the main contributing factor to the improved financial performance of the Group during 2024.
- The Group's overall AUM spread across the various product suites increased from £3.0 billion to £5.5 billion due to price action, flows and the acquisition of Valkyrie Funds at the start of 2024. This AUM is represented by assets within the Group's BLOCK index and CoinShares Valkyrie products, in addition to those held on the Group's balance sheet in association with XBTP and CS Physical as disclosed in note 11(e) and 11(g). This increase has had a direct impact on management fees in the year (which manifest within the Group's revenues) which total £87,206,045 (2023: £42,854,234), see note 5(a).
- Similarly, market conditions have led to an increase in staking rewards, digital asset lending income and other income (which manifest within the Group's other operating income) totalling a combined £34,090,605 (2023: £23,447,347), see note 5(b).
- On 24 June 2024, the Group announced the successful sale of its FTX claim, held in respect of assets written off during Q4 2022 following the bankruptcy of FTX. The agreement yielded a recovery rate of approximately 116% net of broker fees, resulting in a return of £28,787,099 being recognised as non-recurring income within the year (2023: £nil), see 5(c).
- On 22 June 2024 the Company fully impaired its investment in FlowBank SA following the receipt of information from the Swiss Financial Market Supervisory Authority ("FINMA") clarifying that it had opened bankruptcy proceedings against the investee company. This impairment has contributed to a Loss on Associates for the year of £19,813,328 (2023 loss: £10,590,566), see note 12(a).
- The Group elected to change its accounting policy for its digital assets as covered in note 2.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

Numerical information - Statement of Comprehensive Income

4 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 or 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 Group does not monitor its assets and liabilities split by operating segment, but rather on a consolidated basis. This is the measure reported to the Group's Chief Executive, being the Group's chief operating decision maker, for the assessment of segment performance.

The following is an analysis of the Group's revenue and results by reportable segment in the year ended 31 December 2024.

	Asset Management	Capital Markets	Principal Investments	Other	Total
	£	£	£	£	£
Revenue	87,206,045	-	126,760	-	87,332,805
Loss on certificate liability	(2,396,252,307)	-	-	-	(2,396,252,307)
Gain on digital assets and financial instruments	2,396,252,307	22,936,286	2,678,531	-	2,421,867,124
Investment losses	-	-	(20,552,764)	-	(20,552,764)
Other operating income	-	34,090,608	-	-	34,090,608
Total revenue, gains & other income	87,206,045	57,026,894	(17,747,473)	-	126,485,466
Cost of sales	(7,522,442)	(5,793,419)	(63,387)	-	(13,379,248)
Non-recurring income	-	28,787,099	-	-	28,787,099
Gross profit/(loss)	79,683,603	80,020,574	(17,810,860)	-	141,893,317
Net finance costs	-	-	-	(2,379,354)	(2,379,354)
Other admin expenses	(6,781,256)	(3,676,993)	-	(24,317,095)	(34,775,344)
Operating profit/(loss)	72,902,347	76,343,581	(17,810,860)	(26,696,449)	104,738,619
Income tax expense					(731,452)
Exchange differences on translation of foreign operations					3,174,922
Total comprehensive income					107,182,089

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

4 Operating segments (continued)

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

	Asset Management	Capital Markets	Principal Investments	Other	Total
	£	£	£	£	£
Revenue	42,954,234	128,487	-	-	43,082,721
Loss on certificate liability	(1,470,485,132)	-	-	-	(1,470,485,132)
Gain on digital assets and financial instruments	1,470,485,132	5,417,551	2,768,694	-	1,478,671,377
Investment gains	-	-	924,368	-	924,368
Other operating income	-	27,274,329	-	-	27,274,329
Total revenue, gains & other income	42,954,234	32,820,367	3,693,062	-	79,467,663
Cost of sales	(3,203,771)	(2,248,513)	(235,210)	-	(5,687,494)
Gross profit	39,750,463	30,571,854	3,457,852	-	73,780,169
Net finance costs	-	-	-	(504,978)	(504,978)
Other admin expenses	(4,288,454)	(3,470,721)	-	(18,353,516)	(26,112,691)
Operating profit/(loss)	35,462,009	27,101,133	3,457,852	(18,858,494)	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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

5 Revenue and other income

(a) Revenue

	Notes	2024 £	2023 £
Management fees	(i)	87,206,045	42,954,234
General Partner's Share	(ii)	126,760	128,487
		87,332,805	43,082,721

(i) The Group's management fee is made up of the following:

	2024 £	2023 £
CoinShares XBT Provider AB	67,098,615	38,815,487
CoinShares Physical	16,703,912	2,741,926
Block Index	1,731,623	1,396,821
CoinShares Valkyrie	1,671,894	-
	87,206,045	42,954,234

(ii) 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 and sponsor 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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

5 Revenue and Other Income (continued)

(b) Other operating income

	2024	2023
	£	£
Staking rewards	23,026,213	19,807,025
Lending book interest	7,347,846	1,917,204
Other digital asset income	1,024,369	2,528,537
Other operating income	1,420,090	1,546,459
Fee rebates	1,272,090	1,475,104
	34,090,608	27,274,329

(c) Non-recurring income

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 was for US Dollars \$28,119,093 and a range of digital assets with a value as at the date of bankruptcy of \$3,269,019, bringing the total claim value on this basis to \$31,388,112 (£25,492,017).

On 24 June 2024 the Group sold its claim for \$36,410,210 (£28,787,099), representing a 116% recovery rate.

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, airdrops and digital asset lending interest are initially recognised within other operating income. Following initial recognition, such digital assets are classified as inventory and valued in accordance with the Group's policy on digital assets, with unrealised gains/losses being recognised in the statement of comprehensive income.

6 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	2024	2023
		£	£
Management fees	5(a)	87,206,045	42,954,234
Staking rewards	5(b)	23,026,213	19,807,025
Lending book interest	5(b)	7,347,846	1,917,204
Fair value (loss)/gain on investments through profit and loss	12	(387,283)	11,365,752
Impairment/loss in associates	12	(19,813,328)	(10,590,566)
Non-recurring income	5(c)	28,787,099	-

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

7 Other income and expense items

(a) Cost of sales

	Notes	2024 £	2023 £
Trading expenses		3,108,691	1,494,707
Issuer fees		3,182,521	1,148,568
Custody fees		3,738,553	1,397,770
Direct salary costs		1,862,161	1,646,449
Expected credit loss provision	16	1,487,322	-
		13,379,248	5,687,494

Accounting policies

Cost of sales is considered to be the direct costs incurred by the Group in the process of earning revenue. Any other costs incurred are recognised through administration expenses.

(b) Breakdown of administration expenses by nature

	2024 £	2023 £
Salary costs	11,662,576	8,289,331
Bonus accrual	6,334,334	2,391,973
Professional fees	2,458,049	2,201,172
Marketing	4,277,708	2,582,142
Legal fees	986,600	765,124
IT expenses	2,140,598	1,928,391
Amortisation	1,567,451	1,563,972
Depreciation of right of use assets	567,224	1,211,439
Depreciation of owned assets	227,166	201,619
Entertainment expense	174,093	107,559
Travel expense	943,922	718,549
Fees payable to the Company's auditor for the Group's current year financial statements	435,535	397,500
Fees payable to the Company's auditor for the Group's prior year financial statements	-	3,500
Other expenses	3,000,086	3,750,420
	34,775,343	26,112,691

(c) Finance income and costs

	2024 £	2023 £
Finance income from financial instruments measured at amortised cost:		
Interest from bank and broker deposits	6,599,467	4,462,370
Interest from other financial assets measured at amortised cost	42,863	1,934,671
	6,642,330	6,397,041

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

7 Other income and expense items (continued)

(c) Finance income and costs (continued)

	2024	2023
	£	£
Finance costs on financial instruments measured at amortised cost:		
Interest on other borrowings	1,209,215	1,130,946
Interest on amounts owed to brokers	7,669,474	5,695,949
Interest on lease liabilities	142,995	75,124
	9,021,684	6,902,019

8 Income tax expense

	2024	2023
	£	£
Corporation tax		
Current tax on results for the year	731,452	573,670
Taxation on ordinary activities	731,452	573,670

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

	2024	2023
	£	£
Profit on ordinary activities before income tax expense	105,090,772	47,013,318
Tax calculated at Jersey tax rate of 0% (2023: 0%)	-	-
Effects of:		
Tax calculated at Jersey tax rate for regulated financial service companies of 10% (incurred by CoinShares (Jersey) Limited ('CSJL'))	55,290	48,596
Tax calculated at Swedish tax rate of 22% (incurred by XBTP)	-	17,670
Tax calculated at UK tax rate of 25% (2023: 23.52%) (incurred by CSCMUKL)	604,963	504,904
Tax calculated at French tax rate of 26.5% (incurred by CSF)	44,493	1,896
Tax calculated at US tax rates (incurred by CoinShares Co., CoinShares Capital, LLC and CoinShares GP I LP)	22,981	604
Tax calculated at Swiss tax rates (incurred by CoinShares Switzerland AG)	3,725	-
Total tax charge for the year	731,452	573,670

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 for 2023, with the full 25% rate being incurred for 2024.

The current tax liability at the year end is £91,987 (2023: £156,970).

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

8 Income tax expense (continued)

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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

Numerical information - Statement of Financial Position

9 Digital assets

		2024	2023
	Notes	£	Restated £
Non-current digital assets held as inventory	9(a)	-	1,331,614
Current digital assets held as inventory	9(a)	2,442,813,368	1,896,954,602
Current digital assets held for collateral purposes	9(b)	1,184,392,369	478,895,757
		3,627,205,737	2,377,181,973

Significant judgement - accounting treatment of digital assets

(i) Digital assets held as inventory

There is no specific accounting standard for digital assets, and IFRS guidance indicates that the accounting treatment may vary depending upon the reasons for holding said assets, and the classification of the entity (i.e as a broker-trader). The directors have determined that the Group and its subsidiaries, excluding CSDSL (see below), qualify as a broker-trader due to the activities undertaken and have therefore concluded the digital assets held qualify for presentation in accordance with IAS 2. This treatment is an area of significant judgement.

(ii) Digital assets held for collateral purposes

The classification of intangible assets held for collateral purposes are designated as hedging instruments within fair value hedge accounting relationships, as defined by IFRS 9. These assets offset the exposure to fair value changes in liabilities associated ETPs issued by the Group.

Accounting policies

During the year the Group elected to change its accounting policy for the recognition and subsequent measurement of its digital assets to either IAS 2 or IFRS 9. Please refer to note 2 for how the Group applies these standards to its classes of digital assets, and the impact of this change on the 2023 financial statements.

(i) Digital assets held as inventory

Digital assets held as inventory are classified under IAS 2 as 'Inventories'. These assets are held for sale in the ordinary course of business or for trading purposes, and are measured at fair value less costs to sell. Where applicable, costs to sell are deemed negligible for digital assets that are freely tradeable. For digital assets that do not meet this criteria, a discount is applied to reflect these costs.

Recognition

Digital assets are classified as inventory when the assets are held for sale in the ordinary course of business or for trading purposes.

These digital assets are recognised as inventory when the Group obtains all risks and rewards of ownership either through acquisition or transfer. Digital assets held as inventory are initially recognised at the cost of acquisition at the point the risks and rewards are obtained.

Subsequent measurement

Inventory is measured at the lower of cost and net realisable value, unless the inventory is held by a commodity-broker-trader who measure inventory at fair value less costs to sell. A broker-trader is one who buys and sells assets for others or on their own account with the purpose of selling in the near future and generating a profit from fluctuations in price or trading margin. The directors deem the Group and its subsidiaries, excluding CSDSL (see below), meet the definition of a broker-trader.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

9 Digital assets (continued)

Accounting policies (continued)

(i) Digital assets held as inventory (continued)

The Group values its digital assets held as inventory 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 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 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.

Bitcoin and Ethereum are valued by the Group based on the average price of the three most liquid exchanges as defined in the XBTP prospectus at the date of the 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.

Other digital assets that are freely tradeable are valued using unadjusted quoted prices taken from active markets. As such these digital assets have also been classified as Level 1 in the fair value hierarchy.

All gains and or losses are recognised in the statement of comprehensive income. Please refer to note 25 for further consideration of the fair value measurement basis.

Derecognition

Digital assets are derecognised either at the point the risks and rewards of ownership are transferred or sold for fiat currency. All gains or losses on derecognition are recognised in the statement of comprehensive income.

(ii) Digital assets held for collateral purposes

Digital assets that are not classified as inventory under IAS 2 remain classified as intangible assets under IAS 38. However (as outlined in note 2) a hedging relationship has been identified in respect of these specific assets, in accordance with the requirements of IFRS 9. These assets are used to offset the exposure to fair value changes in its corresponding certificate liabilities issued by the Group. Please refer to note 10 for details on the hedging activities undertaken by the Group.

The Group performs both prospective and retrospective effectiveness testing at each reporting date to confirm that the hedge continues to be highly effective, ensuring that fair value changes in the hedging instrument and hedged item remain offset. The Group maintains and requires a 100% threshold for effectiveness testing, in accordance with requirement of the prospectus under which the Groups certificates are issued and governed.

Any hedge ineffectiveness, calculated as the difference between the fair value movement in the digital assets and the offsetting movement in the hedged liabilities, is recorded within the statement of comprehensive income.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

9 Digital assets (continued)

Accounting policies (continued)

(ii) Digital assets held for collateral purposes (continued)

Recognition

Digital assets are classified as collateral when a contractual obligation exists between the Group and a third party investor, with there being a corresponding hedging relationship.

These digital assets are recognised as collateral when the Group obtains all risks and rewards of ownership at the point a certificate liability is created. Digital assets held as collateral are initially recognised at fair value at the point the risks and rewards are obtained.

Subsequent measurement

The digital assets held to collateralise a collective of exchange traded products, see note 11(e), are subsequently 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.

These digital assets are freely tradeable with active markets and 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.

All gains and or losses are recognised in the statement of comprehensive income. Please refer to note 25 for further consideration of the fair value measurement basis.

Derecognition

Digital assets are derecognised either at the point the risks and rewards of ownership are transferred, redeemed or when the present obligation no longer exists. All gains or losses on derecognition are recognised in the statement of comprehensive income.

(a) Digital assets held as inventory

	2024	2023
	£	Restated £
Bitcoin	1,355,455,409	1,070,741,468
Ethereum	883,779,185	725,553,080
Other digital assets	203,578,774	101,991,668
	2,442,813,368	1,898,286,216

Of which:

	2024	2023
	£	Restated £
Non-current digital assets held as inventory	-	1,331,614
Current digital assets held as inventory	2,442,813,368	1,896,954,602
	2,442,813,368	1,898,286,216

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

9 Digital assets (continued)

(a) Digital assets held as inventory (continued)

Measurement of digital assets held as inventory

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, refer to note 25. Price movements are recognised at fair value through profit and loss, as outlined below within the digital asset accounting policies section of this note. A reconciliation of movements in digital assets is also shown below.

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

	2024	2023
	£	Restated £
Level 1 digital assets	2,442,813,368	1,896,954,602
Level 2 digital assets	-	1,331,614
	2,442,813,368	1,898,286,216

The Group transferred £1,331,614 of digital assets from Level 2 to Level 1 during the year.

Reconciliation of digital assets held as inventory

	2024	2023
	£	Restated £
Opening position	1,896,954,602	750,991,303
Net (sales)/purchases of digital assets	(850,847,105)	87,654,988
Fair value gains on digital assets through profit and loss	1,345,171,305	1,103,014,326
Translation of holdings in USD denominated subsidiaries	51,534,567	(44,706,015)
Closing position	2,442,813,368	1,896,954,602

Purpose of holdings

The digital assets are held to trade in accordance with the Collateral Management Agreement in respect of the Group's XBTP product suite, and other investments with a view to sell and generate realised gains. Of the £2,442,813,368 (2023: £1,896,954,602) of assets held, £35,662,397 (2023: £31,122,973) do not form part of the collateral obligation of XBTP product suite.

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 16(b).

As at 31 December 2024, the balance of £125,671,376 (2023: £103,937,400) was held at 15 (2023: 14) locations. The level of overall current assets held on exchange (represented by both digital assets and also cash balances) as at 31 December 2024 was 4% (2023: 4%). Details of where the assets are held is shown below.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

9 Digital assets (continued)

(a) Digital assets held as inventory (continued)

	2024	2023
	£	Restated £
By Venue		
Custodian	2,270,216,831	1,200,056,373
Custody Platform	42,040,189	590,266,296
Exchange	125,671,376	103,937,400
Local Cold Storage	4,689,265	4,026,147
Other	195,706	-
	2,442,813,368	1,898,286,216

(b) Digital assets held for collateral purposes

	2024	2023
	£	Restated £
Bitcoin	635,066,816	302,110,474
Ethereum	229,977,249	91,417,374
Solana	107,049,497	31,136,158
Other digital assets	212,298,807	54,231,752
Digital assets held for CSDSL external stakeholders	1,184,392,369	478,895,757

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, refer to note 25. Price movements are recognised at fair value through profit and loss, as outlined below within the digital asset accounting policies section of this note. A reconciliation of movements in digital assets is also shown below.

Reconciliation of digital assets held for collateral purposes

	2024	2023
	£	Restated £
Opening position	478,895,757	117,931,214
Net purchases of digital assets	131,278,120	177,301,597
Fair value gains on digital assets through profit and loss	574,218,492	183,662,946
Closing position	1,184,392,369	478,895,757

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

9 Digital assets (continued)

(b) Digital assets held for collateral purposes (continued)

Purpose of holdings

The digital assets are held to collateralise the exchange traded products issued by CSDSL. The Group performs both prospective and retrospective effectiveness testing at each reporting date to confirm that the hedge continues to be highly effective, ensuring that fair value changes in the hedging instrument and hedged item remain offset. The Group maintains and requires a 100% threshold for effectiveness testing, in accordance with the requirements of the prospectus under which the Groups certificates are issued and governed. This is shown in note 10.

The value of the ETP's and digital assets held for collateral purposes are linked to the value of the underlying digital assets on which the ETP or digital asset held as collateral is denominated. The price of digital assets are volatile and may be affected by a variety of factors. Should demand for digital assets decrease or increase significantly then its value could fluctuate sharply and permanently which, in turn, would directly impact the price of the ETP's or value of the digital assets held as collateral.

In the absence of a fair value hedging arrangement, there is a risk that the Company would be directly exposed to adverse changes in the fair value of the ETP's and digital assets held as collateral and, by association, the underlying digital assets on which they are denominated.

The Group holds digital assets as hedged items in line with the requirements of the CSDSL prospectus, in order to hedge the risk of exposure to fair value changes in the ETP's as hedging instruments. The fair value hedging relationship between the hedged items and hedging instruments is in place to mitigate the risk of adverse exposure to digital asset price movements to the Group.

Location of assets

The Group's digital assets are held with regulated digital asset custodians. 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 16.

10 Hedging activities

The Group applies hedge accounting in accordance with IFRS 9 – Financial Instruments to manage its exposure to changes in the fair value of its digital asset holdings. The Group designates ETPs referencing digital assets as hedging instruments in a fair value hedge relationship. These hedging arrangements mitigate fluctuations in the fair value of the hedged items, which arise from changes in digital asset prices.

The Group's hedging strategy is designed to offset fair value movements in its digital asset holdings using a 1:1 hedge ratio, ensuring a high degree of correlation between the hedged item and hedging instrument. The ETPs issued by the Group serve as designated fair value hedges, with their value moving in direct alignment with the corresponding digital asset holdings.

In addition to fair value changes, the hedged items and hedging instruments are subject to periodic additions, driven by new issuances of ETPs and changes in the Group's underlying digital asset positions. These additions are factored into the hedge accounting framework to ensure continuous alignment and effectiveness.

Given that the hedge is governed by the terms set out in the various ETP prospectuses issued by the Group, it operates at 100% effectiveness, with no anticipated hedge ineffectiveness.

Hedge effectiveness is assessed at inception and on an ongoing basis to ensure that:

- An economic relationship exists between the digital asset holdings and the corresponding ETPs.
- The hedge remains fully effective, with no material basis risk.
- The hedge ratio is adjusted dynamically to reflect additions to both the hedged items and the hedging instruments, ensuring continuous alignment.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

10 Hedging activities (continued)

The carrying amounts and fair value changes of the hedged items and hedging instruments, including additions during the year, are as follows:

	Notes	2024 £	2023 £
Reconciliation of hedged items			
Opening carrying amount of hedged items		478,895,757	117,931,214
Net additions during the year		131,278,120	177,301,597
Change in fair value of hedged items		574,218,492	183,662,946
Closing carrying amount of hedged digital asset holdings	9(b)	1,184,392,369	478,895,757
Reconciliation of hedging instruments			
Opening carrying amount of hedging instruments		478,895,757	117,931,214
Net additions during the year		131,278,120	177,301,597
Change in fair value of hedging instruments		574,218,492	183,662,946
Closing carrying amount of hedging instruments	11(e)	1,184,392,369	478,895,757
Hedge ineffectiveness in Statement of Comprehensive Income		-	-

Since the hedge relationship is dynamically managed to reflect additions to both the hedged items and hedging instruments, all fair value changes and volume adjustments are fully offset, ensuring that no hedge ineffectiveness arises.

Additions to Hedged Items: The Group increases its holdings of digital assets in response to new inflows into ETPs. These additions are incorporated into the hedge accounting framework at their respective fair values on the date of recognition.

Additions to Hedging Instruments: Corresponding to the inflow of new capital, the Group issues additional ETPs, which are automatically designated as part of the hedge relationship.

Hedge Ratio Adjustments: The Group continuously monitors the hedge ratio, adjusting it to reflect new additions to ensure perfect alignment between the hedged items and hedging instruments.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

11 Financial assets and liabilities

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

	Notes	2024 £	2023 £
Current financial assets			
Cash and cash equivalents	11(c)	19,859,572	25,507,944
Other current assets	11(b)	1,113,357,091	266,093,775
Trade and other receivables	11(a)	2,977,315	2,241,203
		1,136,193,978	293,842,922
Non-current financial assets			
Investments	12	19,998,654	25,110,879
Trade and other receivables	11(a)	1,256,818	328,614
Other non-current assets	11(b)	894,377	2,211,742
		22,149,849	27,651,235
Current financial liabilities			
Certificate liability	11(e)	(4,171,982,360)	(2,351,475,523)
Amounts due to brokers	11(d)	(79,011,258)	(669,402)
Trade and other payables	11(f)	(10,523,355)	(5,612,218)
Other current liabilities	11(g)	(201,457,063)	(108,940,878)
		(4,462,974,036)	(2,466,698,021)
Non-current financial liabilities			
Non-current loans	11(g)	(19,654,267)	(23,145,127)
		(19,654,267)	(23,145,127)

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

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

11 Financial assets and liabilities (continued)

Movements in financial assets and financial liabilities (continued)

	2024	2023
	£	Restated £
Gain on digital asset ETPs	391,262,500	135,959,647
Gain on digital asset payables/receivables	137,103,619	35,568,047
(Loss)/gain on derivatives	(42,593,296)	17,180,194
Gain of foreign exchange	17,239,828	3,156,214
(Loss)/gain on other operating activities	(535,325)	130,003
	502,477,326	191,994,105

Accounting policies

The Group has determined that the accounting policies for certain of the Group's ETPs, and other derivative 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 analysed as such within the notes to the financial statements.

Financial assets

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

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 cost of transactions. Trade receivables and financial assets not measured at fair value through profit or loss 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 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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

11 Financial assets and liabilities (continued)

Accounting policies (continued)

Financial assets at fair value 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.

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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

11 Financial assets and liabilities (continued)

Accounting policies (continued)

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 25.

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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

11 Financial assets and liabilities (continued)

Accounting policies (continued)

Significant judgements

Valuation of digital asset ETPs and Funds

The Group uses an adjusted (level 2) valuation for most of its ETP assets. The principal reason for the use of a level 2 valuation is due to these assets being (i) contractually redeemable for the underlying digital asset and/or ii) held to hedge the certificates issued by XBTP. When it comes to valuing the underlying holdings, the same approach is taken with the Group's direct digital asset holdings which are classified as level 1. The Group has therefore sought to apply a consistent methodology to the valuation of these, and other assets, such as physical and derivative digital assets used in the hedge. This consistent approach ensures that assets ultimately used in the hedge are valued on the same basis and importantly at the same time as their respective liabilities.

(a) Trade receivables

	2024	2023
	£	£
Non-current		
Deposits paid	236,652	305,335
Deferred tax	-	23,279
Investment amounts receivable	820,062	-
Other non-current receivables	200,104	-
Total non-current	1,256,818	328,614
Current		
Accounts receivable	1,695,020	1,323,766
Amounts owed by related parties	32,396	33,875
Deposits paid	34,287	118,944
Prepayments	1,113,634	591,433
VAT receivable	101,978	173,185
Total current	2,977,315	2,241,203
Total trade receivables	4,234,133	2,569,817

Expected credit losses

Credit risk is considered as part of the risk disclosures in note 16(b). Management has undertaken a review of the expected credit loss and calculated that the risk of credit loss for the Group's trade receivables 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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

11 Financial assets and liabilities (continued)

(b) Other assets

	Notes	2024 £	2023 £
Non-current			
Loans receivable	(i)	894,377	1,469,196
Other assets		-	742,546
Total non-current		894,377	2,211,742
Current			
Other assets	(ii)	160,691,213	54,709,530
Digital asset ETPs	(iii)	952,665,878	211,384,245
Total current		1,113,357,091	266,093,775
Total other assets		1,114,251,468	268,305,517

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

(i) This balance predominantly comprises convertible loan notes issued to Impervious and Syndica for a principal amount of \$500,000 and \$300,000 respectively.

(ii) The majority of current other assets represent digital asset lending balances to small number of counterparties totalling £156,898,249 (2023: £49,146,747). Expected credit loss in relation to these lending balances is considered as part of the risk disclosures in note 16.

(iii) Reconciliation of Digital asset ETPs

	2024 £
Opening position	211,384,245
Net additions and transfers	830,259,368
Net disposals and transfers	(507,923,634)
Net movement	322,335,734
Realised gain	40,841,418
Unrealised gain	360,910,765
Net gain	401,752,183
Exchange differences	17,193,717
Closing position	952,665,878

Digital asset ETPs held as at year end totalled £952,665,878 (2023: £211,384,245). These holdings are used to provide exposure to digital assets and are held as a part of the Group's collateral management obligations. Of this balance £116,210,271 is held as collateral with Reyl Bank (see note 11(g)) in respect of a loan facility. While the majority of the loan balance is non-current, repayment can be made at the discretion of the Group and the collateral recalled, hence its classification as a current asset.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

11 Financial assets and liabilities (continued)

(c) Cash and cash equivalents

	Notes	2024 £	2023 £
Cash at bank		5,764,446	6,660,753
Amounts due from brokers	(i)	5,743,370	16,270,974
Amounts due from exchanges		8,351,756	2,576,217
Total cash and cash equivalents		19,859,572	25,507,944

		2024 £	2023 £
(i) Due from brokers			
Interactive Brokers		3,348,014	11,952,502
Marex Capital		2,381,538	4,305,194
Mangold		13,818	13,278
Total due from brokers		5,743,370	16,270,974

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 brokers

Amounts due from 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 exchanges

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

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) Amounts due to brokers

Due to brokers

	2024 £	2023 £
Marex Prime Services	(79,011,258)	(669,402)
Total due to brokers	(79,011,258)	(669,402)

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

11 Financial assets and liabilities (continued)

(e) Certificate liability

Certificate type	2024	2023	2024	2023
	Number	Number	£	£
Bitcoin Tracker One	2,713,492	3,468,999	966,606,752	537,280,975
Bitcoin Tracker Euro	332,913	432,477	1,182,787,868	666,988,025
Ether Tracker One	12,287,008	15,309,343	308,359,910	255,254,209
Ether Tracker Euro	2,119,967	2,487,963	529,835,461	413,056,557
CoinShares Physical Bitcoin	8,555,086	9,339,130	627,584,222	301,998,264
CoinShares Physical Ethereum	2,803,190	1,718,953	226,743,567	91,269,305
CoinShares Physical Litecoin	607,000	401,500	9,482,593	4,470,073
CoinShares Physical XRP	1,831,780	874,300	117,143,738	16,404,468
CoinShares Physical Staked Polkadot	1,698,100	557,500	10,677,276	4,084,656
CoinShares Physical Staked Tezos	839,000	564,000	4,871,644	2,415,298
CoinShares Physical Staked Solana	6,181,100	3,652,100	105,548,344	31,071,177
CoinShares Physical Chainlink	8,021,000	3,111,000	12,808,282	3,652,266
CoinShares Physical Uniswap	6,190,000	2,310,000	6,480,074	1,336,096
CoinShares Physical Staked Cardano	34,472,500	22,705,000	25,574,702	11,272,945
CoinShares Physical Staked Cosmos	694,500	374,500	2,018,473	1,724,979
CoinShares Physical Staked Polygon	1,443,500	568,500	5,916,163	4,758,310
CoinShares Physical Staked Algorand	5,026,000	2,161,000	14,655,197	3,939,541
CoinShares Physical Top 10 Crypto Market	114,000	25,000	3,088,774	346,970
CoinShares Physical Smart Contract Platform	121,000	10,000	2,741,429	151,409
CoinShares Finanzen.net Top 10 Crypto ETP	730,000	-	9,057,891	-
			4,171,982,360	2,351,475,523

The certificate liability split by product suite is as follows:

	2024	2023
	£	£
CoinShares XBT Provider		
CoinShares XBT Provider - Bitcoin	2,149,394,620	1,204,269,000
CoinShares XBT Provider - Ethereum	838,195,371	668,310,766
Total CoinShares XBT Provider certificate liabilities	2,987,589,991	1,872,579,766
Coinshares Physical		
CoinShares Physical - Bitcoin	627,584,222	301,998,264
CoinShares Physical - Staked Ethereum / Ethereum	226,743,567	91,269,305
CoinShares Physical - Staked Solana	105,548,344	31,071,177
CoinShares Physical - Other	224,516,236	54,557,011
Total CoinShares Physical certificate liabilities	1,184,392,369	478,895,757

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

11 Financial assets and liabilities (continued)

(e) Certificate liability (continued)

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	2024 £	2023 £
At 31 December 2023	2,351,475,523	986,707,490
Movement from net redemption	(491,942,943)	(64,159,686)
Management fee	(83,802,527)	(41,557,413)
Movement on certificate liability	2,396,252,307	1,470,485,132
At 31 December 2024	4,171,982,360	2,351,475,523

Significant judgements

Accounting treatment of ETPs

Certain of the Group's ETPs can be settled in digital assets, the Group has determined that the accounting policies for these ETP's are the same as they would be for an equivalent contract settled in cash and meet the definition of a financial instrument.

(f) Trade and other payables

	2024 £	2023 £
Accounts payable	1,097,923	1,004,360
Accrued liabilities	9,425,432	4,607,858
Total trade payables	10,523,355	5,612,218

(g) Other current liabilities and loans

	Note	2024 £	2023 £
Reyl loan	(i)	19,682,176	23,145,127
Solana seed	(ii)	188,357,488	92,117,829
OTC Trades	(iii)	9,588,755	7,761,682
Algorand Foundation	(iv)	-	2,734,526
Other borrowings		255,838	54,306
Amounts due to exchange	(v)	1,659,389	5,335,392
Fund liabilities to external investors	(vi)	1,567,353	937,143
Cash overdraft		331	-
		221,111,330	132,086,005
Payable within one year		201,457,063	108,940,878
Payable in more than one year		19,654,267	23,145,127

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

11 Financial assets and liabilities (continued)

(i) The Group has a loan balance to Reyl Bank in the sum of CHF 22,266,000 (£19,654,267) (2023: CHF 24,740,000 (£23,097,199)) plus accrued interest of CHF 31,618 (£25,203) (2023: CHF 51,336 (£40,323)). 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 publicly traded ETP certificates. These amounted to a market value as at 31 December 2024 of £116,210,271 a portion of which will stay with Reyl Bank until the loan balance has been fully settled.

During the year, 10% (equating to CHF 2,474,000) of the principal loan balance was repaid.

(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. This was fully redeemed in the year.

(v) Amounts due to exchanges includes credit facilities in place for trading purposes. The balances are payable 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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

12 Other Financial assets - Investments

Note	Investments in Joint Ventures And Associates £	Investments in Listed Equities £	Other Investments Through P&L £	Other Investments Through OCI £	Total £
At 31 December 2023	19,813,328	611	19,681,201	5,429,067	44,924,207
Additions	-	-	659,011	-	659,011
Distribution/disposal	-	-	(4,872,799)	(195,425)	(5,068,224)
Fair value loss through profit and loss	-	-	(387,283)	(352,152)	(739,435)
Impairment of associate	(19,813,328)	-	-	-	(19,813,328)
Exchange differences through profit and loss	-	-	36,423	-	36,423
At 31 December 2024	-	611	15,116,553	4,881,490	19,998,654
	31 December 2023 £	(Disposals) £	Investment Loss £	Transfers between levels £	31 December 2024 £
Level 1 Investments	611	-	-	-	611
Level 2 Investments	5,429,067	(195,425)	(352,152)	-	4,881,490
Level 3 Investments	19,681,201	(4,213,789)	(350,859)	-	15,116,554
Total investments held at fair value	25,110,879	(4,409,214)	(703,011)	-	19,998,654
Associates	19,813,328	-	(19,813,328)	-	-
Total investments valued using the equity method	19,813,328	-	(19,813,328)	-	-
Total investments	44,924,207	(4,409,214)	(20,516,339)	-	19,998,654

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

12 Other Financial assets- Investments (continued)

For the balance of £15,116,554 which represents investments classified as Level 3 within the fair value hierarchy, the following table summarises the quantitative information about the material investment and its significant inputs used.

Description	Fair value £	Unobservable inputs	Input amount	Input range	Relationship between unobservable inputs and fair value
Unlisted equities valued based on performance	2,802,818	EBITDA multiple	21.0	5 - 30	Decreasing the inputs to the lowest points of the given ranges would decrease fair value as at 31 December 2024 by £2,135,321. Increasing the inputs to the highest point of the given ranges would increase the fair value as at 31 December 2024 by £1,202,161.
Unlisted equities held at price of recent investment	11,017,996	Discount factor on price of recent investment	0%	-20% to 0%	Decreasing the inputs to the lowest points of the given ranges would decrease fair value as at 31 December 2024 by £2,203,599. Increasing the inputs to the highest point of the given ranges would result in no change to the fair value as at 31 December 2024.

Increasing all inputs to the highest point of the given ranges would result in an increase in the value of investments classified as Level 3 of £1,202,161

Decreasing all inputs to the highest point of the given ranges would result in a decrease in the value of investments classified as Level 3 of £4,338,920

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

12 Other Financial assets- Investments (continued)

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 9. 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 25. 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.

(a) Investments in associates

The Group's investments in associates which form part of the Group as at 31 December 2024 are as follows:

Name	Investee relationship	Ownership	Jurisdiction	Date of Initial Investment
FlowB Holding Switzerland SA	Associate	28.31%	Switzerland	02/10/2021

The Group held a 28.31% (2023: 26.75%) position in FlowB Holding Switzerland SA ('FlowBank') during the year. Following the bankruptcy proceedings of FlowBank, which was instructed by Finma in Switzerland the Group fully impaired the investment of £19,755,297 through the statement of comprehensive income.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

12 Other Financial assets- Investments (continued)

(a) Investments in associates (continued)

Accounting policies

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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

13 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 2023	3,008,294	691,938	550,076	4,250,308
Additions	-	106,107	73,195	179,302
Disposals	-	(58,623)	-	(58,623)
Exchange differences	-	350	(286)	63
At 31 December 2024	3,008,294	739,772	622,985	4,371,051
Accumulated depreciation				
At 31 December 2023	265,120	571,008	348,628	1,184,756
Charge for the year	567,224	103,046	124,120	794,390
Disposals	-	(14,187)	-	(14,187)
Exchange differences	-	244	(296)	(52)
At 31 December 2024	832,344	660,111	472,452	1,964,907
Net book value				
At 31 December 2024	2,175,950	79,661	150,533	2,406,144
At 31 December 2023	2,743,174	120,930	201,448	3,065,552

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 life of the leases.

All right-of-use assets for the periods reported relate to property rights obtained as part of lease arrangements (see note 13(b)).

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

13 Non-financial assets and liabilities (continued)

(a) Property, plant and equipment (continued)

Accounting policies (continued)

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	shorter period of the remaining lease term and the 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

	2024	2023
	£	£
Current lease liability	583,820	563,633
Non-current lease liability	1,801,699	2,404,272
Total lease liability	2,385,519	2,967,905

Lease commitments for short-term leases at 31 December 2024 were as follows:

	2024	2023
	£	£
Serviced office lease	218,942	190,737
	218,942	190,737

The group entered into a short-term lease contract for an office in Paris on 5 July 2023 for a one year rolling contract 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 £234,965 (2023: £166,734).

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 2024 and the lease maturity date.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

13 Non-financial assets and liabilities (continued)

(b) Leases (continued)

	Less than 1 year	1 to 5 years	Over 5 years	Total at 31 December 2024
	£	£	£	£
Jersey property leases	183,257	728,407	-	911,664
London property leases	516,140	1,213,195	-	1,729,335
	699,397	1,941,602	-	2,640,999

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 13(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 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 2023, 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 2023 and CSF has since entered into a short-term lease which is discussed above.

Reconciliation of lease liabilities

	Jersey property leases	London property leases	Total
	£	£	£
At 31 December 2023	979,507	1,988,398	2,967,905
Repayments	(220,589)	(504,796)	(725,385)
Interest expense	47,792	95,207	142,999
At 31 December 2024	806,710	1,578,809	2,385,519

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

13 Non-financial assets and liabilities (continued)

(b) Leases (continued)

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:

	2024	2023
	£	£
Within one year	22,000	22,000
	22,000	22,000

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

	2024	2023
	£	£
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.

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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

13 Non-financial assets and liabilities (continued)

(b) Leases (continued)

Accounting policies (continued)

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.

Significant 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 and within notes 13(a) and 13(b) respectively.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

13 Non-financial assets and liabilities (continued)

(c) Goodwill

	Notes	£
Cost		
At 31 December 2023		6,415,032
Acquired through business combination	(i)	1,305,780
Exchange differences		-
At 31 December 2024		7,720,812
Accumulated impairment losses		
At 31 December 2023		5,473,525
Loss for the year		-
At 31 December 2024		5,473,525
Net book value		
At 31 December 2024		2,247,287
At 31 December 2023		941,507

(i) In 2023 the Group entered into an option to acquire an 100% interest in Valkyrie Funds LLC ('VFL') on the condition that the Securities Exchange Commission ('SEC') in the United States approved the creation and ability to sell Bitcoin Exchange Traded Funds ('ETF'). In January of 2024 the first Bitcoin ETF's were approved and the Group subsequently exercised its right to acquire VFL. On 12 March 2024 the Group paid a consideration of £1,241,722 for 100% ownership resulting in a goodwill amount of £1,305,780. Refer to note 17 for business combinations during the year.

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:

	2024	2023
	£	£
CoinShares AM	903,573	903,573
CoinShares Co	37,934	37,934
CoinShares Valkyrie	1,305,780	-
	2,247,287	941,507

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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

13 Non-financial assets and liabilities (continued)

(c) Goodwill (continued)

For CoinShares Valkyrie, the goodwill amount relates to the value in use of the relevant regulatory licenses and products from which the Group generates income as a result of the acquisition. No impairment charge has been made during the year due to the performance of the products to which this goodwill relates.

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 2023	12,180,776	1,974,062	12,902	14,167,740
Additions	74,999	1,091,443	-	1,166,442
Disposals	-	(321,460)	-	(321,460)
Exchange differences	-	(17,318)	-	(17,318)
At 31 December 2024	12,255,775	2,726,727	12,902	14,995,404
Accumulated amortisation				
At 31 December 2023	3,919,814	529,094	2,321	4,451,229
Charge for the year	1,395,344	171,673	434	1,567,451
Disposals	-	(176,520)	-	(176,520)
Exchange differences	310,860	(15,729)	-	295,131
At 31 December 2024	5,626,018	508,518	2,755	6,137,291
Net book value				
At 31 December 2024	6,629,757	2,218,209	10,147	8,858,113

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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

13 Non-financial assets and liabilities (continued)

(d) Other intangible assets (continued)

Accounting policies (continued)

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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

13 Non-financial assets and liabilities (continued)

(d) Other intangible assets (continued)

Accounting policies (continued)

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.

14 Equity

(a) Share capital and premium

	Allotted, called-up and fully paid			
	2024	2023	2024	2023
	Number	Number	£	£
Shares classified as equity				
Ordinary shares of £0.000495 each	66,678,210	68,013,771	33,006	33,667
	66,678,210	68,013,771	33,006	33,667
			2024	2023
			£	£
Share premium			30,223,904	30,690,938
			30,223,904	30,690,938

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	£	£	£
At 31 December 2023	68,013,771	33,667	30,690,938	
Share cancellations	(1,474,631)	(730)	(665,835)	
Share options exercised	139,070	69	198,801	
At 31 December 2024	66,678,210	33,006	30,223,904	

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

14 Equity (continued)

The Group purchased 90,205 (2023: 1,597,706) shares on the public market for a total consideration of £268,994 (2023: £4,216,180) for the purposes outlined at the Group's last AGM. The shares are held in the Treasury Share Reserve, included within other reserves (note 14(b)), until they are cancelled or sold back to the market. On 14 February the Group announced the cancellation of all treasury shares held of 1,474,631 (2023: 200,050) with a value of £3,926,374 (2023: £551,399).

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

	Foreign Exchange Translation Reserve £	Share Option Reserve £	Treasury Share Reserve £	Total £
At 31 December 2023 Restated	11,138,564	4,323,974	(3,879,634)	11,582,904
Exchange differences on translation of foreign operations	3,174,922	-	-	3,174,922
Share buybacks	-	-	(268,994)	(268,994)
Share cancellations	-	-	3,926,374	3,926,374
Share options issued	-	1,068,269	-	1,068,269
Share options exercised	-	(243,431)	222,255	(21,176)
Share option cancelled	-	(63,116)	-	(63,116)
At 31 December 2024	14,313,486	5,085,696	-	19,399,182

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

14 Equity (continued)

(b) Other reserves (continued)

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

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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

Risk

15 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) Significant Judgements

Accounting treatment of digital assets - note 9

Accounting treatment of ETPs - note 11(e)

Measurement of IFRS 16 lease liabilities and right-of-use assets - note 13(b)

(b) Key accounting estimates and assumptions

Valuation of investments - note 12

Useful life of property, plant and equipment - note 13(a)

Useful life of intangible assets - note 13(d)

Share based payment costs - note 23

16 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. The Group has considered the impact of movements in foreign exchange rates. An adverse/favourable movement in foreign exchange rates of 5% would result in a loss/gain on foreign exchange of approximately £7,089,729 and does not create any going concern issues. This is both due to the quantum and also the fact that these movements are largely hedged by the Group. 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 IAS 21) 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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

16 Financial risk management objectives and policies and capital management (continued)

(a) Market risk (continued)

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 £588,992 (CHF 663,972)/£532,897 (CHF 600,737) (2024 actual £834,516 (CHF 941,239)) 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 16(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 in 2023. 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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

16 Financial risk management objectives and policies and capital management (continued)

(b) Credit risk (continued)

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 continues to implement a range of controls, policies and procedures around the trading and holding of digital assets on exchange which has improved the quality of counterparties and reduced overall risk. Furthermore, the Group has established proof of concept with a number of exchanges and custodians to enable trading without keeping assets on the platforms, thereby mitigating almost all counterparty risk. Assets remain with the custodian and settlement is conducted once a day on a net basis, de-risking activities considerably.

The Group has in place a formal compliance monitoring programme ("CMP") whereby counterparties are selected on an annual basis for testing. In 2023 the Group also implemented a daily monitoring process to monitor levels of exposure with each of its counterparties in order to ensure that agreed limits are adhered to. In such an event that this is not the case, this process informs any decisions made around the ultimate location of assets and ensures ongoing adherence with the CMP. Ultimately risk limits are discussed at and set by the Group's Risk & Compliance Committee. Additional measures undertaken by the Group include enhanced on-boarding, compliance and periodic risk reviews and/or utilising exchanges which are audited and report sufficient liquid positions. Prior to entering into a relationship with an exchange, it is a requirement for the counterparty to complete a questionnaire covering policies, procedures and processes in place in relation to cybersecurity, access, technology and data amongst other areas. Exchanges are assessed by the compliance team and placed into tiers which determine the level of exposure that is deemed acceptable. This tiering approach is undertaken in accordance with the Group's counterparty risk framework. The procedures in place are ultimately designed to ensure only reputable, long-standing and mature exchanges are used.

It is necessary for operational reasons to keep a balance with exchanges in order to purchase, transfer and swap digital assets, in the ordinary course of business. The Group seeks to minimise the quantum of cash balances held on exchange.

The total credit risk exposure to the Group arising from balances held with exchanges is as follows:

	2024	2023
	£	£
Digital assets	125,671,376	103,937,400
Cash and cash equivalents	8,351,756	2,576,217
	134,023,132	106,513,617
Current asset exposure	3%	4%

Staking providers

As at 31 December 2024, a significant amount of the Group's ETH was held with service providers for the purpose of staking. This activity brings rise to two considerations; firstly, the time it takes to exit a validator position and secondly, safeguarding of assets by the service providers.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

16 Financial risk management objectives and policies and capital management (continued)

(b) Credit risk (continued)

To mitigate the first consideration, the Group actively monitors its staked assets in real-time and ensures that any exits from staked positions are closely managed. Currently, the time to exit is approximately 6 days, though this can be longer or shorter depending on a range of factors. As the Group holds a large long ETH position, this mitigates any liquidity risk arising as a result of long exit times, as there exists sufficient liquid ETH at custodians and/or on exchanges to ensure any liabilities can be met. The balance of immediately available (i.e non-standard) ETH is also monitored closely at all times.

To ensure staked assets through designated providers are protected, the Group ensures appropriate due diligence is performed through testing their software and understanding KYC on the persons in control of the providers. Service contracts exist that ensure any loss of assets is retrieved or made right by the provider. Additional steps have been taken to ensure that in the event of a loss of connectivity of the validators, the Group holds all the private keys which allows the operations team to collectively retrieve independently from involvement by the provider. We deem that the maximum exposure to the Group in such an event would be the loss of staking rewards for a specific sweep period.

The Group deems there are sufficient mitigations against the key credit risks which exist when Staking ETH.

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 callable 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 11(b) are shares in ETPs, valued at £952,665,878 (2023: £211,384,245) 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.

Expected credit losses

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

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

16 Financial risk management objectives and policies and capital management (continued)

(b) Credit risk (continued)

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 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' assets, and all possible default events over the expected life of those debtors ('the lifetime expected credit losses') for 'underperforming' assets.

The Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of an asset. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

The calculation of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on reasonable and supportable past and forward-looking information that is available without undue cost or effort. As for the exposure at default, this is represented by the assets' gross carrying amount at the reporting date. The expected credit loss is a probability weighted amount determined from a range of outcomes and takes into account the time value of money.

Impairment losses and any subsequent reversals of impairment losses are adjusted against the carrying amount of the 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.

Digital asset lending

The Group has receivables as a result of digital asset loans (see note 11(b)). Developments in the digital asset industry in recent years have resulted in an elevated level of counterparty risk. The risks associated with this type of activity is loss of assets due to the third party counterparty not engaging in their own risk management systems, or theft through malpractice, lack of corporate governance associated with a low regulatory environment, and lack of systems and controls.

All existing loans are governed by a single form Master Loan Agreement ("MLA"), are open term, repayable on demand (second business day after notification), and are denominated in only two digital currencies (Bitcoin and Ethereum). As with our exchange counterparties, part of the take on process for each lending counterparty requires an initial assessment, and then subsequent ongoing monitoring. Any breaches noted which would deem the risk of lending these counterparties to fall outside of acceptable limits will result in the relationship being exited and the assets returned inclusive of the interest accrued. We do not enter into, or continue with, relationships that we deem to carry credit risk that may impact the recoverability of any loaned assets. That being said, an inherent risk of course remains.

Interest is calculated and accrued daily and payable on the first business day of the following month. Because the amounts are repayable on demand, the interest automatically forms part of the loan balance outstanding until paid.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

16 Financial risk management objectives and policies and capital management (continued)

(b) Credit risk (continued)

All digital asset loans are considered to be 'performing' in line with the IFRS staging. As such only the Stage 1 (12 month ECL) provisioning needs to be considered. Any impairment beyond 12 months would likely have already led to the relationships being terminated on current terms and an actual or expected life-time loss within 12 months being relevant. There is unlikely to be any distinction between Stages 1 and 2 for the Group unless term loans are provided in the future.

In determining the loss given default ("LGD") and probability of default ("PD"), the Group has considered its digital asset lending counterparties on a case by case basis, with a credit premium driven PD adjusted for the period under review.

The following table presents the 12 month ECL recognised as at 31 December 2024 in respect of the Group's digital asset loans and balances held on exchange, together with their calculation inputs.

	EAD	LGD	PD	12 month ECL
	£	%	%	£
Digital asset loans	158,414,459	50%	1.24% (average)	1,487,322
				<u>1,487,322</u>

(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 as follows:

	Carrying amount as at 31 December 2024	On demand	Less than 3 months	More than 3 months
	£	£	£	£
Current assets				
Trade and other receivables	2,977,315	-	2,977,315	-
Cash and cash equivalents	19,859,572	19,859,572	-	-
Digital assets	3,627,205,737	3,627,205,737	-	-
Other assets	1,113,357,091	1,113,357,091	-	-
Total current assets	<u>4,763,399,715</u>	<u>4,760,422,400</u>	<u>2,977,315</u>	<u>-</u>
	Carrying amount as at 31 December 2023	On demand	Less than 3 months	More than 3 months
	£	£	£	£
Current liabilities				
Accounts payable	1,097,923	1,097,923	-	-
Accrued liabilities	9,425,432	-	9,425,432	-
Certificate liability	4,171,982,360	4,171,982,360	-	-
Current tax liability	91,987	-	-	91,987
Lease liabilities	583,820	-	-	583,820
Amounts due to brokers	79,011,258	79,011,258	-	-
Other liabilities	201,457,063	-	201,457,063	-
Total current liabilities	<u>4,463,649,843</u>	<u>4,252,091,541</u>	<u>210,882,495</u>	<u>675,807</u>
Net current assets/(liabilities)	<u>299,749,872</u>	<u>508,330,859</u>	<u>(207,905,180)</u>	<u>(675,807)</u>

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

16 Financial risk management objectives and policies and capital management (continued)

(c) Liquidity risk (continued)

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 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 .

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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

16 Financial risk management objectives and policies and capital management (continued)

(d) Capital risk management (continued)

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 2024 and 2023.

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 2024, inclusive of any unrealised gains/losses and margins held.

	Contract amount (DA)	Margin held £	Unrealised gain/(loss) £	Impact on other current assets £
Perpetual Contracts				
BTC exposure	156	11,656,781	(2,079,109)	(2,079,109)
ETH exposure	983	2,655,640	(18,438)	(18,438)
Other digital asset exposure	863,251	688,096	538,278	538,278
Futures Contracts				
BTC exposure	224	16,765,618	1,679,487	1,679,487
ETH exposure	2,761	7,457,297	1,161,827	1,161,827
		39,223,432	1,282,046	1,282,046

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 assets, there is no fiat asset 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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

16 Financial risk management objectives and policies and capital management (continued)

(e) Operational risk (continued)

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 (2023: Komainu and Zodia), providing a cold storage vault. Komainu has a SOC 1 Type 2 report, the latest covering the period from 1 December 2023 to 30 November 2024. Zodia currently has a SOC 1 Type 1 report and a SOC 1 Type 2 report for the period 1 January 2023 to 31 December 2023. A SOC 1 Type 2 report for the period 1 January 2024 to 31 December 2024 is in progress and expected to be completed in Q1 2025. 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).

Sensitivity analysis

	Carrying amount as at 31 December 2024 £	Price change -50% £	Price change 100% £
Assets			
Digital assets held as inventory	2,442,813,368	1,270,516,364	4,787,407,376
Digital assets held as collateral	1,184,392,369	592,196,185	2,368,784,738
Other assets	1,171,855,371	615,176,826	2,285,212,462
Total assets	4,799,061,108	2,477,889,374	9,441,404,576
Liabilities			
Certificate liability - XBTP	(2,987,589,991)	(1,404,812,568)	(6,153,144,763)
Certificate liability - CSDSL	(1,184,392,369)	(592,196,185)	(2,368,784,738)
Other liabilities	(313,123,449)	(172,889,289)	(593,591,770)
Total liabilities	(4,485,105,809)	(2,169,898,041)	(9,115,521,271)
Net assets	313,955,299	307,991,333	325,883,305

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 £308.0 million and does not create any going concern issues.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

Group Structure

17 Business combinations

(a) Acquisition of Valkyrie Funds LLC

On the 12 March 2024 the Group exercised its option to acquire 100% of VFL following the launch of Valkyrie Bitcoin Fund in January 2024 post the SEC's approval of a Bitcoin ETF. VFL is a US digital asset manager's investment advisory business specialising in actively managed cryptocurrency exchange traded funds. The acquisition was made to enhance and develop the Group's asset management business in the US, with a clear focus on product innovation and market differentiation.

The details of the business combination is as follows:

	2024
	£
Fair value of consideration transferred	
Amount settled in cash	800,304
Fair value of other consideration	207,978
Total consideration transferred	<u>1,008,282</u>
Recognised amounts of identifiable net assets	
Cash and cash equivalents	21,320
Trade and other receivables	56,996
Total current assets	<u>78,316</u>
Trade and other payables	(375,813)
Total current liabilities	<u>(375,813)</u>
Identifiable net assets	<u>(297,497)</u>
Goodwill on acquisition (note 13)	1,305,780
Consideration transferred settled in cash	800,304
Cash and cash equivalents acquired	(21,320)
Net cash outflow on acquisition	<u>778,984</u>

All expenses associated with the acquisition of VFL have been recognised in administration expenses.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

17 Business combinations (continued)

(b) Acquisition of Circa5000

On 3 December 2024 the Group entered into a Share Purchase Agreement to acquire 100% of Circa5000's ordinary share capital. The acquisition was made to acquire a regulated entity that enhances the Group's asset management business through offering its products to a wider audience of consumers under the ICAV registration.

The details of the business combination is as follows:

	2024
	£
Fair value of consideration transferred	
Amount settled in cash	74,999
Total consideration transferred	74,999
Recognised amounts of identifiable net assets	
Intangible asset - regulatory license	74,999
Cash and cash equivalents	129,276
Total current assets	204,275
Trade and other payables	(129,276)
Total current liabilities	(129,276)
Identifiable net assets	74,999
Goodwill on acquisition	-
Consideration transferred settled in cash	74,999
Cash and cash equivalents acquired	(129,276)
Net cash outflow on acquisition	(54,277)

All expenses associated with the acquisition of Circa5000 have been recognised in administration expenses.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

17 Business combinations (continued)

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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

18 Interests in other entities

(a) Investments in subsidiaries

The Company's direct subsidiaries which make up the Group as at 31 December 2024 are as follows:

Name	Defined as	Investee Relationship	CSIL's Ownership %	Jurisdiction	Date of Acquisition
CoinShares XBT Provider AB (publ)	XBTP	Subsidiary	100%	Sweden	25/09/2017
CoinShares GP II	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, LLC	CS Cap	Subsidiary	100%	USA	18/09/2019
CoinShares Capital Markets (UK) Limited	CSCMUKL	Subsidiary	100%	UK	30/06/2019
CoinShares GP I LLC	CSGPI	Subsidiary	100%	USA	20/03/2020
CoinShares 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 International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

18 Interests in other entities (continued)

(a) Investments in subsidiaries (continued)

Name	Defined as	Investee Relationship	CSIL's Ownership %	Jurisdiction	Date of Acquisition
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
Valkyrie Funds LLC	VFL	Subsidiary	100%	USA	12/01/2024
Circa5000 UK Ltd	Circa5000	Subsidiary	100%	Ireland	03/12/2024

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).

As at 31 December 2024, Larks Leaf Asset Management (Jersey) Limited and Circa5000 UK Ltd were in the process of being dissolved, with the latter having applied for strike off on 3 February 2025.

On 27 September 2024, the Group resolved to enter the following entities: CoinShares Ethereum Integrated Strategies Master Fund Limited, CoinShares Ethereum Integrated Strategies Feeder Fund Limited, CoinShares Ethereum Integrated Strategies US Feeder Fund LP, plus the general partner to the US CoinShares Ethereum GP Limited (together "EIS entities") into liquidation. The EIS entities ceased operations on 1 October 2024. These are expected to be wound up in 2025.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

Contingent items

19 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 2024, CSCMJL recorded a net equity position of £269.1 million (US\$337.6 million) (2023: £200.4 million (US\$255.1 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

	2024	2023
	£	£
DGLD	154,134	2,129,715
Assets due to third parties	(154,134)	(2,129,715)
	<u>-</u>	<u>-</u>

The Group holds 81.71 DGLD (2023: 1,313 DGLD) on behalf of MKS. The Group does not receive any economic benefit for holding these assets and the risks associated with holding the assets remain with MKS.

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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

20 Events occurring after the reporting period

On February 24, 2025, the Group confirmed that it held no exposure to the Bybit Exchange.

On February 25, 2025, the Group's Nomination Committee proposed the re-election of all existing Board members at the forthcoming Annual General Meeting.

On 25 February, 2025, the Group reported another block transaction executed by a shareholder, whereby the Group repurchased from the selling shareholder a total of 200,000 ordinary shares at a price per share equal to SEK75.00 resulting in total consideration of SEK 15,000,000.

On March 3, 2025, the Group announced that a total of 52,241 options from the Employee Incentive Plan's November 2020 Tranche were exercised at an exercise price of £1.43 (SEK 19.29) per share. This exercise resulted in proceeds of £ 74,705 (SEK 1,007,566) for the Group. The shares were settled from the Group's existing balance of own shares.

On March 5, 2025, the Group reported a block transaction executed by a shareholder, whereby the Group repurchased from the selling shareholder a total of 200,000 ordinary shares at a price per share equal to SEK 74.75 resulting in total consideration of SEK 14,950,000.

On March 13, 2025, the Group announced that a total of 25,000 options from the Employee Incentive Plan's November 2020 Tranche were exercised at an exercise price of £1.43 (SEK 19.29) per share. This exercise resulted in proceeds of £ 35,750 (SEK 464,042) for the Group. The shares were settled from the Group's existing balance of own shares.

On March 19, 2025, the Group reported another block transaction executed by a shareholder, whereby the Group repurchased from the selling shareholder a total of 200,000 ordinary shares at a price per share equal to SEK 73.00 resulting in total consideration of SEK 14,600,000.

On March 25, 2025, the Group announced its selection as one of the two providers for BourseBank's new cryptocurrency exchange-traded product (ETP) offering. The Group is providing five of the six products featured in BourseBank's initiative.

On March 25, 2025, the Group granted 345,038 new options over ordinary shares under its Employee Incentive Plan, representing 0.52% of the issued share capital. The options, which have an exercise price of SEK 72.8, will vest on March 24, 2028.

On March 26, 2025, a further 75,000 options were exercised from the November 2020 tranche at an exercise price of £ 1.43 (SEK 18.49), generating proceeds of £ 107,250 (SEK 1,387,011.88). These were settled using treasury shares.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

Further details

21 Cash flow information

(a) Non-cash investing and financing activities

- acquisition and disposal of right of use assets - note 13(a)
- options issued to employees under the equity settled share option plan for no consideration - note 23(a)

(b) Net debt reconciliation

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

	2024	2023
	£	£
Cash and cash equivalents - note 11(c)	19,859,572	25,507,944
Borrowings - note 11(g)	(19,682,176)	(23,145,127)
Lease liabilities - note 13(b)	(2,385,519)	(2,967,905)
	(2,208,123)	(605,088)

Net debt

	Cash and cash equivalents	Borrowings	Lease liabilities	Total
	£	£	£	£
At 31 December 2022	134,768,902	(22,152,484)	(1,336,487)	111,279,931
Financing cashflows	(103,595,438)	61,488	666,353	(102,867,597)
New leases	-	-	(3,008,294)	(3,008,294)
Terminated leases	-	-	703,325	703,325
Exchange differences	(5,665,520)	(1,046,561)	7,198	(6,704,883)
<i>Other charges</i>				
Interest expense	-	(885,719)	(77,866)	(963,585)
Interest payments presented as operating cashflows	-	878,149	77,866	956,015
At 31 December 2023 (Restated)	25,507,944	(23,145,127)	(2,967,905)	(605,088)
Financing cashflows	(18,837,558)	2,165,776	582,717	(16,089,065)
New leases	-	-	-	-
Terminated leases	-	-	-	-
Exchange differences	13,188,855	1,276,086	-	14,464,941
<i>Other charges</i>				
Interest expense	-	(834,516)	(142,999)	(977,515)
Interest payments presented as operating cashflows	-	855,605	142,999	998,604
At 31 December 2024	19,859,241	(19,682,176)	(2,385,188)	(2,208,123)

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 at 31 December 2024 of £35,662,397 (2023: £31,122,973).

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

22 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 18(a).

(b) Transactions with key management personnel

	2024	2023
	£	£
Short-term employee benefits	1,379,032	900,987
Share-based payments	101,053	310,225
	1,480,085	1,211,212

Mr Daniel Masters is the Group's Chairman and a shareholder of the Group. During the year, the Group undertook trades on his behalf in various assets equating to £6,177,858 (2023: £746,079). As at the year end the Group held nil (2023: £nil) assets owed to Mr Masters. The Group also holds a receivable from Mr Masters and one other person jointly of US\$37,183 (£29,639) (2023: US\$37,183 (£29,826)) in relation to an investment that was transferred using the Group as a broker. Mr Masters also has a holding in CS2LP. As at the end of the year, Mr Masters's holding is valued at £5,270,140 (2023: £5,588,734). Mr Masters is paid remuneration in his role as Chairman of the board as disclosed above and in the remuneration report. As at year end, £10,417 is payable in regards to this. The Group has also paid amounts on behalf of Mr Masters which is repaid regularly. The Group has paid £1,615 on his behalf, of which £243 is receivable at the year end.

Mr Jean-Marie Mognetti is the Group's Chief Executive Officer and a shareholder of the Group. During the year the Group undertook trades on his behalf of £213,552 (2023: £nil). As at the year end the Group held 9.08 BTC valued at £679,476 (2023: 30,000 AVT (£17,909)) due 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 nil (2023: 6.50 BTC, equating to £150,546). As at 31 December 2024, £nil (2023: £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 £117,713 (2023: £nil). As at the year end, the Group held 3 BTC (2023: 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 equating to £50,227 (2023: £144,243). As at the year end the Group held nil assets (2023: nil) owed to Mr Lundberg.

(c) Transactions with other related parties

FlowBank Holdings SA ('FlowBank') is an associate with the Group. On 13 June 2024, FlowBank SA, a subsidiary of FlowBank had its licence as a bank and securities dealer withdrawn by the Swiss Financial Market Supervisory Authority ('FINMA'). As such, the Group decided to fully impair its investment in FlowBank resulting in an impairment charge of £21,813,042.

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 CS2LP. During the year £126,760 (2023: £128,487) has accrued for this fee, of which £32,394 (2023: £32,029) was outstanding at the year end.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

22 Related party transactions (continued)

(c) Transactions with other related parties (continued)

The Group has recognised carried interest in CS2LP as at the year end of £4,881,489 (2023: £5,429,067) which is held as an investment. The Group also settled expenditure on behalf of CS2LP of £nil (2023: £2,433) of which £nil (2023: £nil) 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 £nil (2023: £6,718) of which £nil (2023: £nil) remains outstanding at year end. The Group has a recharge agreement with KHL which allows for use of office facilities. £121,000 (2023: £132,999) has been charged for the year of which £11,000 (2023: £11,000) is outstanding at the year end.

Komainu (Jersey) Limited ('KJL'), a wholly owned subsidiary of KHL provides custodial services to the Group. During the year, the Group paid fees to KJL of £2,859,578 (2023: £792,885) of which £347,749 (2023: £119,051) was outstanding at the year end. In the prior year the Group also settled transactions on behalf of KJL which had 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 had a service agreement with KJL which allows for support regarding staking and operations. £nil (2023: £5,000) has been charged for the year. The full amount invoiced in 2023 of £16,000 was written off at the end of 2023 leaving a balance of £nil outstanding. An additional amount was also charged in relation to a staff cost of £nil (2023: £7,000) of which £nil (2023: £7,000) is outstanding at year end.

GTSA is an investee company of the Group. The Group has settled expenditure on behalf of GTSA in the year of £1,603 (2023: £248) of which £nil (2023: £nil) remains outstanding at 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 24 March 2023 the Group agreed to enter into a block transaction with a shareholder to acquire 160,000 ordinary shares in the capital of the Company, at a price per share equal to SEK 29 resulting in total consideration of SEK 4,640,000 (£356,101). The transaction was completed on 31 March 2023.

On 26 May 2023 the Group agreed to enter into a block transaction with a shareholder, who is also a Director, 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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

23 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 date of the grant of the option.

Time based options:

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

(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. 48,409 (2023: 10,446) options were liquidated during the period for a total consideration of £39,511 (2023: £8,613) (note 14(a)).

(c) Performance Based Options

	2024		2023	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Opening	1,149,995	1.43	1,773,600	1.43
Forfeited	-	-	(623,605)	1.43
Liquidated	-	-	-	-
Closing	1,149,995	1.43	1,149,995	1.43
Exercisable at closing	1,149,995		1,149,995	

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

23 Share-based payments (continued)

(d) Time Based Options

	2024		2023	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Opening	2,537,949	3.89	2,202,857	4.33
Granted	115,000	3.64	448,000	1.68
Forfeited	(93,641)	4.38	(96,983)	1.83
Exercised	(222,217)	1.59	(5,479)	1.43
Liquidated	(48,409)	2.85	(10,446)	1.43
Closing	2,288,682	2.49	2,537,949	3.89
Exercisable at closing	1,349,733		1,129,445	

222,217 time based options (2023: 5,479 options) were exercised during the year for an aggregate settlement of £353,404.

115,000 time based share options were granted on 20 March 2024. The fair value of the options granted is £189,994.

48,409 time based share options were liquidated during the period, for a total consideration of £39,511.

The options outstanding at 31 December 2024 had a weighted average exercise price of £2.95 (2023: £2.63) and a weighted average remaining contractual life of 0.61 years (2023: 0.5 years).

Grant date	Exercise price SEK	Exercise price GBP
March 2024	50.40	3.64

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 £1,000,202 (2023: £1,324,818). All amounts are equity settled and there are no liabilities in relation to share-based payment transactions outstanding at the reporting date (2023: £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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

23 Share-based payments (continued)

(d) Time Based Options (continued)

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.

24 Earnings per share

As more fully disclosed in note 23, 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 calculation of the basic and diluted earnings per share is based on the following data:

	2024	2023
	£	£
Earnings		
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company	104,359,320	46,439,648
Earnings for the purposes of diluted earnings per share	104,359,320	46,439,648
	2024	2023
	Number	Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	66,543,318	67,287,929
Weighted effect of dilutive potential ordinary shares: Share options	3,677,235	3,977,029
Weighted average number of ordinary shares for the purposes of diluted earnings per share	70,220,553	71,264,958

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

24 Earnings per share (continued)

	2024	2023
	£	£
		Restated
Basic earnings per share	1.56	0.69
Diluted earnings per share	1.48	0.65

25 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.

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

25 Summary of other accounting policies (continued)

(a) Fair value measurement (continued)

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 9
Financial instruments	Note 11
Investments	Note 12

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).

CoinShares International Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

25 Summary of other accounting policies (continued)

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 Group has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that are effective for annual periods beginning from 1 January 2024:

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

Non-current Liabilities with Covenants (Amendments to IAS 1)

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

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 2024 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.