



Invitation to subscribe for shares in CoinShares International Limited

Restrictions on distribution of the prospectus and subscription of shares in certain jurisdictions

Not for distribution, publication or release in or to the United States, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa or South Korea. The prospectus may not be sent to persons in these countries or any other jurisdiction to which it is not permitted to deliver shares except in accordance with applicable law. Unless expressly stated otherwise in the Prospectus, shares may not be offered, sold, transferred or delivered, directly or indirectly, in or to any of these countries.

The Swedish version of this prospectus was approved by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) on 22 February 2021.

This prospectus is valid for a period of up to 12 months from the date of approval, provided that CoinShares International Limited complies with the obligation, in accordance with the (EU) 2017/1129 Prospectus Regulation, if applicable, to provide supplements to the prospectus in the occurrence of significant new factors, material mistakes or material inaccuracies, which may affect the assessment of the securities in the company.

The obligation to prepare a supplement to the prospectus is valid from the approval date of this prospectus until the end of the subscription period. CoinShares International Limited is under no obligation to prepare supplements to this prospectus after the end of the subscription period.

Nasdaq First North Growth Market Disclaimer

Nasdaq First North Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on Nasdaq First North Growth Market have a Certified Adviser who monitors that the rules are followed. The respective Nasdaq exchange approves the application for admission to trading.

MANGOLD

IMPORTANT INFORMATION TO INVESTORS

Definitions

This prospectus (the "Prospectus") has been prepared in connection with an offer of a maximum of 3,364,403 new shares (the "New Shares" or the "New Ordinary Shares") to institutional investors in Sweden and abroad and to the general public in Sweden and the subsequent listing (the "Listing") on Nasdaq First North Growth Market (the "Offering").

Unless otherwise specified, the following definitions apply in this Prospectus: the "Company" or "CoinShares" refers to the issuer, that is, CoinShares International Limited, corporate registration number 102185, and together with its subsidiaries, the "Group" and each company within the Group a "Group Company" and multiple companies within the Group "Group Companies". "Mangold" refers to Mangold Fondkommission AB, corporate registration number 556585-1267, the certified advisor ("Certified Advisor") and financial advisor ("Financial Advisor") to the Company in connection with the Offering. For a glossary of further defined terms, see the Definitions section of the Prospectus

The Prospectus has been prepared as an EU Growth Prospectus in accordance with article 15 of the Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "Prospectus Regulation"). The Prospectus has been approved by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) (the "SFSA"), which is the Swedish national competent authority according to the Prospectus Regulation, in accordance with Article 20 of the Prospectus Regulation. The SFSA approves the Prospectus only to the extent that it meets the requirements for completeness, comprehensibility and consistency specified in the Prospectus Regulation. The approval should not be seen as any kind of support for CoinShares or support for the quality of the securities referred to in the Prospectus and does not imply that the SFSA guarantees that the factual information in the Prospectus is correct or complete. Each investor is invited to make his or her own assessment of whether it is appropriate to invest in the Offering. Swedish law applies to the Prospectus. Any dispute arising in connection with the Prospectus or related legal matters shall be settled by a Swedish court exclusively, whereby the Stockholm District Court shall constitute the first instance.

The Prospectus has been prepared in Swedish and English. Only the Swedish version of the Prospectus has been subject to the SFSA's scrutiny and approval. In the event of a discrepancy between the different language versions, the Swedish language version shall prevail.

Within the European Economic Area ("EEA"), no offer is made to the public of New Shares in Member States other than Sweden. In other Member States within the EEA where the Prospectus Regulation applies, an offer of New Shares may only be submitted in accordance with exceptions in the Prospectus Regulation and any implementation measures.

No New Shares or shares may be offered, subscribed, sold or transferred, directly or indirectly, in or to the United States, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa, South Korea or any other jurisdiction where such distribution requires additional prospectus, registration or other measures in addition to those that follow from Swedish law or otherwise contravene applicable rules in such jurisdiction or cannot take place without the application of exemptions from such measure. Subscription and acquisition of securities in violation of the above restrictions may be invalid. Persons who receive copies of the Prospectus, or wish to invest in CoinShares, must inquire about and comply with the said restrictions. Measures in violation of the restrictions may constitute a violation of applicable securities legislation. CoinShares reserves the right to, at its sole discretion, invalidate any subscription in the Offering if CoinShares or its advisors consider that such subscription may involve a violation or a violation of laws, rules or regulations in any jurisdiction. No New Shares or other securities issued by CoinShares have been registered or will be registered under the United States Securities Act of 1933, as amended, or the securities laws of any state or other jurisdiction in the United States, including the District of Columbia.

Forward looking statements

The Prospectus contains certain forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events, and such statements and opinions pertaining to the future that, for example, contain wordings such as "believes", "estimates", "anticipates", "expects", "assumes", "forecasts", "intends", "could", "will", "should", "would", "according to estimates", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "to the knowledge of" or similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements and opinions in the Prospectus concerning future financial returns, plans and expectations with respect to the business and management of the Company, future growth and profitability, and the general economic and regulatory environment, and other matters affecting the Company.

Forward-looking statements are based on current estimates and assumptions made according to the best of the Company's knowledge. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company's cash flow, financial position and operating profit, to differ from the information presented in such statements, to fail to meet expectations expressly or implicitly assumed or described in those statements or to turn out to be less favourable than the results expressly or implicitly assumed or described in those statements. Accordingly, prospective investors should not place undue reliance on the forward-looking statements contained herein, and are strongly advised to read the entire Prospectus. Neither the Company nor Mangold can give any assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments.

In light of the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in the Prospectus may not occur. Moreover, the forward-looking estimates and forecasts derived from third-party studies referred to in the Prospectus may prove to be inaccurate. Actual results, performance or events may differ materially from those presented in such statements due to, without limitation: changes in general economic conditions, in particular economic

conditions in the markets in which the Company operates, changes affecting interest rate levels, changes affecting currency exchange rates, changes in levels of competition and changes in laws and regulations.

After the date of the Prospectus, neither the Company nor Mangold assumes any obligation, except as required by law or Nasdaq First North Growth Market's Rule Book for Issuers, to update any forward-looking statements or to conform these forward-looking statements to actual events or developments.

Industry and market information

The Prospectus contains industry and market information attributable to the Company's operations and the market in which the Company operates. Unless otherwise stated, such information is based on the Company's analysis of several different sources.

Industry publications or reports usually state that information reproduced therein has been obtained from sources deemed reliable, but that the accuracy and completeness of such information cannot be guaranteed. CoinShares has not verified the information, and therefore cannot guarantee the accuracy, of the industry and market information reproduced in the Prospectus which has been taken from or derived from industry publications or reports. Such information is based on market research, which by its nature is based on selection and subjective assessments, including assessments of the type of products and transactions that should be included in the relevant market, both by those conducting the research and those consulted.

The Prospectus also contains estimates of market data and information derived therefrom which cannot be obtained from publications of market research institutions or any other independent sources. Such information has been produced by CoinShares based on third party sources and the Company's own internal estimates. In many cases, there is no publicly available information and such market data is obtained from, for example, industry organisations, authorities or other organisations and institutions. CoinShares believes that its estimates of market data and information derived therefrom are useful to give investors a better understanding of both the industry in which the Company operates and the Company's position in the industry.

Information from third parties has been reproduced correctly and, as far as CoinShares is aware and can ascertain from such information, no facts have been omitted that would make the reproduced information incorrect or misleading.

The Prospectus is available from CoinShares' head office at 2 Hill Street, St Helier, Jersey, Channel Islands, JE2 4UA and website (coinshares.com), Mangold website (mangold.se), the website of the SFSA (fi.se/sv/vara-register/prospektregistret/) and the European Securities and Markets Authority's website (esma.europa.eu).

The content of the Company's website, the website for any entity in the Group, including that of the Joint Ventures, or any third party mentioned herein does not form any part of this Prospectus unless incorporated in the Prospectus by reference.

Presentation of financial information

Certain financial information and other information presented in this Prospectus may have been rounded to make information easily accessible to the reader. Unless otherwise expressly stated, no information in the Prospectus has been audited or reviewed by the Company's auditor. SEK means Swedish Krona, SEK million means millions of Swedish Krona, and SEK thousand means thousands of Swedish Krona. USD means US dollars, USD billion means billions of US dollars, USD million means millions of US dollars, and USD thousand means thousands of US dollars. EUR means euros, EUR million means millions of euros, and EUR thousand means thousands of euros. GBP means Great British Pound, GBP million means millions of Great British Pounds, and GBP thousand means thousands of Great British Pounds.

Nasdaq First North Growth Market

Nasdaq First North Growth Market is a growth market for small and medium-sized companies run by various stock exchanges within the Nasdaq Group. Companies whose shares are traded on Nasdaq First North Growth Market are not subject to the same rules as companies listed on a regulated main market, but to less extensive rules and regulations adapted for smaller growth companies. An investment in a company traded on Nasdaq First North Growth Market may therefore incur more risk than an investment in a company listed on a regulated main market. All companies whose shares are traded on Nasdaq First North Growth Market have a Certified Advisor to monitor compliance with rules and regulations. Mangold is the Company's Certified Advisor.

Jersey

A copy of this document has been delivered to the registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and the registrar has given, and has not withdrawn, consent to its circulation. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order 1958 to the issue of securities in the Company. It must be distinctly understood that, in giving these consents, neither the registrar of companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to it. If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial advisor.

The Directors of the Company have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the Prospectus, whether of facts or of opinion. All the Directors accept responsibility accordingly.

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DOCUMENTS INCORPORATED BY REFERENCE

Investors should take note of all the information incorporated in the Prospectus by reference and the information, to which reference is made, should be read as part of the Prospectus. The information disclosed in the table below as part of the relevant documents shall be deemed to be incorporated into the Prospectus by reference.

Copies of the Prospectus and the documents that include the information incorporated by reference can be obtained from CoinShares electronically through the Company's website, <http://coinshares.com>, or received from the Company in paper format at the Company's head office at the address: 2 Hill Street, St Helier, Jersey, Channel Islands, JE2 4UA. The parts of the documents that are not incorporated by reference are either not relevant to the investors or the corresponding information is reproduced elsewhere in the Prospectus.

Please note that the information on the Company's website, or other websites to which reference is made, is not included in the Prospectus unless this information is incorporated into the Prospectus by reference. The information on Company's website, or other websites referred to in the Prospectus, has not been reviewed and approved by the SFSA.

FINANCIAL INFORMATION 2018 (AUDITED)

Group income statement	Page 12
Group balance sheet	Page 13
Group statement of changes in equity	Page 14
Group cash flow statement	Page 16
Auditor's report	Page 9

Annual report for 2019, inclusive of a standalone audit opinion on the Group's financial information for 2018, can be found on the following link: <http://coinshares.com/investor-relations>

FINANCIAL INFORMATION 2019 (AUDITED)

Group income statement	Page 12
Group balance sheet	Page 13
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Annual report for 2019 can be found on the following link: <http://coinshares.com/investor-relations>

INTERIM REPORT FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2020 (UNAUDITED)

Group income statement	Page 4
Group balance sheet	Page 5
Group statement of changes in equity	Page 6
Group cash flow statement	Page 7

Interim report 1 January – 30 September 2020, (inclusive of an auditors' review opinion) can be found on the following link: <http://coinshares.com/investor-relations>

SUMMARY

1 INTRODUCTION

1.1 Name and ISIN code of the security

The Offering consists of up to 3,364,403 New Ordinary Shares in CoinShares International Limited (the “Company”, “CSIL” or “CoinShares”). The shares have the ISIN code JE00BLD8Y945.

1.2 Identity, LEI code and contact information

The Company’s legal and commercial name is CoinShares International Limited, with corporate registration number 102185 and LEI code (Legal Entity Identifier) 5493000UFYN9P5VF9D79.

Representatives of the Company can be reached by telephone, +44 (0)1534 513 100, by email, enquiries@coinshares.com, and at the visiting address 2nd Floor, 2 Hill Street, St Helier, Jersey, Channel Islands, JE2 4UA. The Company’s website is <http://coinshares.com>.

1.3 Competent Authority

The Prospectus has been reviewed and approved by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen).

Finansinspektionen

Visiting address: Brunnsgatan 3, 111 38 Stockholm

Postal address: Box 7821, SE-103 97 Stockholm

Telephone number: +46 (0)8 408 980 00

E-mail: finansinspektionen@fi.se

Website: www.fi.se

1.4 Date of approval of the Prospectus

The Prospectus was approved by the Swedish Financial Supervisory Authority on 22 February 2021.

1.5 Warnings

The following summary should be regarded as an introduction to the Prospectus. Any decision to invest in the securities should be based on an assessment of the Prospectus in its entirety by the investor.

Investors may lose part or all of their invested funds. If a claim relating to the information contained in an EU growth prospectus is brought before a court, the plaintiff investor might, under national law of the member states, have to bear the costs of translating the EU growth prospectus before the legal proceedings are initiated. A civil liability may only be imposed on those persons who have set forth the summary, including any translations thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

2. Key information about the Issuer

2.1. General information about the issuer

CoinShares is a public limited liability company incorporated in Jersey, Channel Islands, on 27 November 2008. The Company is based in St Helier and its operations are governed according to Companies (Jersey) Law 1991. CoinShares has one wholly-owned subsidiary, CoinShares (Holdings) Limited ("CSHL"), which in turn has a number of additional wholly-owned subsidiaries.

The Group is focused on the development of innovative infrastructure, financial products and services for the digital asset class. The Group's operations serve to lower the barriers to entry to invest in digital assets. This is achieved mainly by launching (and providing liquidity for) unique Exchange Traded Products ("ETPs") supported by underlying digital assets, the execution of lending and borrowing activities, and undertaking proprietary trading in digital assets. The operations of the Group are largely split into two business units ("CoinShares Passive" and "CoinShares Capital Markets"). CoinShares Passive is predominantly responsible for the oversight and distribution of the Group's ETPs. CoinShares Capital Markets is predominantly responsible for the oversight and execution of the Group's trading activities.

Outlined below are the Company's shareholders with holdings in excess of 5% of the Ordinary Shares and votes before the Offering. The Company is not directly or indirectly controlled by any individual party.

The Chief Executive Officer ("CEO") of the Company is Jean-Marie Mognetti. The Company's auditor is Baker Tilly Channel Islands Limited.

Name	Ordinary Shares	% share of votes and capital
Daniel Masters	14,684,680	23.2%
Mognetti Partners Limited	11,473,580	18.2%
Russell Paul Newton	7,995,000	12.7%
AH (St Helier) Limited	5,484,580	8.7%
ALCC Holdings, LLC	5,484,540	8.7%

2.2. Key financial information

Presented below is certain information for the financial years ended 31 December 2018 and 2019, respectively (as extracted from the Company's audited financial statements), as well as certain information for the financial periods 1 January-30 September for the years 2019 and 2020, respectively (as extracted from the Company's interim financial statements). While the interim financial statements have not been audited by the Company's auditor, they include an auditor-issued review opinion, in accordance with FRS 104, "interim financial reporting".

Consolidated income statement in summary

GBP	1 January – 30 September		1 January – 31 December	
	2020	2019	2019	2018
Revenue	11,302,458	8,320,967	11,330,571	10,549,384
Operating profit	(187,524,235)	(161,322,492)	(61,976,839)	524,421,056
Total comprehensive income for the period	14,299,578	5,103,421	8,914,242	14,406,815

Consolidated balance sheet in summary

GBP	30 September	31 December	
	2020	2019	2018
Total assets	808,667,742	464,949,275	266 154 034
Equity	59,643,045	45,343,468	38 643 833

Consolidated cash flow statement in summary

GBP	1 January – 30 September		1 January – 31 December	
	2020	2019	2019	2018
Net cash flow provided by/(used in) operating activities	51,008,024	94,335,518	74,559,235	(72,264,760)
Net cash flow provided by/(used in) investing activities	(41,397,541)	(111,932,053)	(99,690,114)	42,932,529
Net cash flow provided by/(used in) financing activities	-	(2,214,607)	(2,214,607)	(137,319)
Net increase/(decrease) in cash and cash equivalents	9,610,483	(19,811,142)	(27,345,486)	(29,469,550)

2.3. Key risks

Receipt of management fee from the Existing Note Program

The Group earns a significant portion of its annual revenue in the form of a management fee from the ETPs issued by XBT Provider (the “Existing Note Program”). The ETPs generate revenue for the Group in the form of a management fee, which is calculated, daily, as a percentage of the total assets invested in the ETPs. While the management fee reduces, daily, the liability payable under the ETPs, it does not reduce the exposure to the relevant underlying digital asset upon which that liability is calculated. To hedge that exposure in accordance with prudent risk management principles, the Group must hold assets in excess of the obligation arising from the ETPs. This excess effectively represents the accrued management fee since inception of the Existing Note Program.

As the accrued management fee is owned and controlled by the Group, it is recognised as revenue. However, as it is necessary to hedge the Group's obligations created by the Existing Note Program, it is held in the relevant underlying digital asset and is therefore not realisable as free cash flow until such time as a certificate is redeemed. The Group's inability to realise the accrued management fee in cash until certificate redemption can place increased pressure on the Group's working capital position.

This is an inherent risk of the business and its impact on the business on an ongoing basis is high.

Digital assets as an asset class

The long-term success of the Group's strategy is dependent upon not only investor appetite, i.e. demand for digital asset exposure, but also the relative success of the various asset classes that the Group's investors are exposed to. There is a risk that investor demand for exposure to digital assets will stagnate, decrease or not increase as expected. Moreover, there is a risk that the values of the digital assets to which investors are exposed reduce to such an extent that they could render the long-term plans of the business unsustainable, thus heavily reducing the value of any investment in the Group. Decreased or stagnant investor demand in digital assets may occur for a variety of reasons and, even if demand remains high, competitors entering the marketplace could lead to significantly falling interest in the Group's products and services.

The Company believes that the risks associated with digital assets are high, and if materialised, the impact on the Company's operations would be high.

Fluctuations in the price of digital assets referenced by the ETPs

The ETPs issued by XBT Provider under the Existing Note Program and by CoinShares Digital Securities Limited (“CSDS”) (the “New Note Program”) and the underlying digital assets can be highly volatile and may be affected by a variety of factors, many of which are outside of the control of the Group. Should demand for a particular digital asset decrease or should it fail to achieve adoption among the digital asset community or should it suffer technological or coding failures or hacks, for example, then its value could drop sharply and permanently. Significant drops in the price of the digital assets referenced by the ETPs will result in the generation of a lower management fee, leading to reduced revenues for the Group.

The Company believes the likelihood of fluctuations in the price of digital assets to be high. If materialised, the impact on the Company's operations would be high.

Significant and continued regulatory changes

Certain Group companies are regulated by various laws and regulations in Jersey, Sweden, the United Kingdom and the United States. The Company cannot fully anticipate all future changes that may be made to laws and regulations which the Group is subject to, nor the possible impact of all such changes. Breach of any applicable regulations could result in fines and / or adverse publicity. The Group is subject to many different forms of taxation including but not limited to income tax, withholding tax, value added tax and social security and other payroll related taxes. Tax law and administration is complex and often requires the Group to make subjective determinations. The tax authorities in any given jurisdiction in which the Group operates may not agree with the determinations that are made with respect to the application of applicable tax law. Such disagreements could result in lengthy legal disputes and, ultimately, in the payment of substantial amounts for tax, interest and penalties, which could have a material effect on the Group's results.

The Company believes that regulatory changes are inherent to the digital asset industry. The impact of these changes can range from low to high.



3 Key information about the securities

3.1. Information about the securities, rights associated with the securities and dividend policy

The number of Ordinary Shares in CoinShares before the Offering, amounts to 63,187,460, with a nominal value per share of GBP 0.000495. The shares are denominated in Great British Pounds. The Company's share capital amounts to GBP 31,277.79. The Ordinary Shares in CoinShares have been issued in accordance with Companies (Jersey) Law 1991 and any additional legislation from time to time. The rights associated with Ordinary Shares issued by the Company, including the rights arising from the articles of association (the "Articles of Association"), may only be amended in accordance with the procedures set out in Companies (Jersey) Law 1991.

All of the Company's Ordinary Shares are of the same class, are fully paid and freely transferable. At a general meeting of the Company, each shareholder is entitled to vote for each Ordinary Share the shareholder owns. When new shares are issued, the shareholders generally have a preferential right to the shares. All Ordinary Shares are of the same seniority in the Company's capital structure in the event of insolvency and entitle the shareholder to a share of the surplus in proportion to the number of Ordinary Shares held by the shareholder.

The right to potential dividends accrues to the person who is entered in the share register and recorded in the record register on the record date set by the Annual General Meeting ("AGM"). Decisions on dividends are made at the Company's AGM. There are no restrictions on dividends being paid out to shareholders residing outside of Jersey.

The Company has no dividend policy and has so far not paid any dividends.

3.2. Marketplace for the securities

Nasdaq Stockholm AB has on 19 February 2021 assessed that the Company fulfills Nasdaq First North Growth Market's listing requirements, subject to that customary conditions, e.g. the distribution requirement of the Company's Ordinary Shares, are fulfilled no later than the first day of trading. The board of directors of the Company (the "Board") intends to complete the application for admission to trading of the Company's Ordinary Shares on Nasdaq First North Growth Market and trading in the Company's Ordinary Shares is expected to commence on 11 March 2021. Provided that the application is approved, the Company's Ordinary Shares will be traded on Nasdaq First North Growth Market under the ticker COIN.

3.3. Guarantees on the Company's securities

The securities are not covered by guarantees.

3.4. Key risks that are specific to the securities

Risk of an illiquid market and price volatility

The share price of publicly traded companies, including those listed on Nasdaq First North Growth Market, can be highly volatile. The Company's Ordinary Shares have not previously been traded on a stock market. It is therefore difficult to predict the amount of trading or the interest that may be shown in the shares. The price at which the New Ordinary Shares will be traded and the price which investors may realise for their shares will be influenced by a large number of factors; some of which are specific to the Company and its business, while others are general for listed companies and outside of the Company's control. There is also a risk that the price of the shares will be highly volatile in connection with the admission to trading on Nasdaq First North Growth Market (the "Admission"). If active and liquid trading does not develop or does not prove sustainable, this could make it difficult for shareholders to sell their Ordinary Shares and the market price could differ considerably from the price of the New Ordinary Shares in the Offering.

The Company believes that the risk of an illiquid market is low. If materialised, the impact on the Company's operations would be low, although there would be an impact on its investors.

Substantial disposal of Ordinary Shares

The Directors and PDMRs of the Company, whose existing shareholdings together will amount to 56% of the Company's total Ordinary Shares following the Offering (assuming it is fully subscribed), have entered into so-called lock-up undertakings (the "Lock-up Undertakings"), pursuant to which they have agreed not to sell their respective existing holdings for a certain period following the first day of trading on Nasdaq First North Growth Market.

When the Lock-up Undertakings have expired, the affected shareholders are free to divest their Ordinary Shares. Future sales of large blocks of shares as well as disposals made by main shareholders, Directors and/or senior executives, or the perception that such sales may occur, could have a negative impact on the Company's share price.

The Company believes that the likelihood of substantial disposals of Ordinary Shares is low. If materialised, the impact on the Company's operations would be low, although there would be an impact on its investors.

4 Key information on the Offering

4.1. Investment terms and timetable

Subscription period

23 February 2021 – 2 March 2021.

Subscription price

SEK 44.9 per Ordinary Share.

Issue size

The Offering consists of a maximum of 3,364,403 New Ordinary Shares, corresponding to a total of approximately SEK 151.1 million. The share capital of the Company (denominated in GBP) will increase by a maximum of GBP 1,665.38.

Subscription commitments

The Company has received subscription commitments of approximately SEK 125.5 million. The Offering is thus approximately 83% covered by subscription commitments.

Dilution

Provided that the Offering is fully subscribed, the number of shares in CoinShares will increase by 3,364,403 from 63,187,460 to 66,551,863, which corresponds to a dilution of approximately 5.1% of the total number of Ordinary Shares, votes and capital in the Company after the Offering.

Allotment principles

The allotment of Ordinary Shares in the Offering will be based on demand, and the allotment will be determined by the Board in consultation with Mangold.

The primary purpose of the allotment is to achieve the required distribution of ownership to the general public to ensure regular and liquid trading in the Company's Ordinary Shares, as well as achieving the desired amount of ownership among institutional investors. The allotment is not contingent on when the application is made during the subscription period, or if the subscription is applied for electronically or via application forms.

In the event of the Offering being oversubscribed, an investor may be allotted fewer Ordinary Shares than the number of Ordinary Shares applied for, or no Ordinary Shares at all. Allotment may be based in whole or in part on a random selection among subscribers. Customers of Mangold may be given priority in allotment.

Costs for the Offering

The issuing costs are estimated to amount to approximately SEK 7.5 million and consist mainly of compensation for financial and legal advice in connection with the Offering.

Costs imposed on investors

No costs will be imposed on investors in the Offering.

4.2. Background and rationale for the Offering and use of funds

In recent years, the Group's focus has been on maintaining its position in the market through the growth of the CoinShares brand, increasing its level of assets under management ("AUM"), improving its suite of products, intensifying its market presence and attracting / retaining an executive management team composed of experienced professionals, while improving its own financial performance.

The Board of Directors believes that the Offering and Listing of the Company's Ordinary Shares on Nasdaq First North Growth Market will, among other things:

- Increase the Group's balance sheet to support the execution of its strategic initiatives
- Provide the Group's shareholders and counterparties greater transparency over the Group's financial position
- Increase the level of regulatory scrutiny on the Group, allowing it to demonstrate its strong corporate governance to external parties
- Increase brand recognition
- Provide liquidity for the Company's Shareholders

The public in Sweden and institutional investors in Sweden and internationally are offered to subscribe for a maximum of 3,364,403 New Ordinary Shares in CoinShares at a subscription price of SEK 44.9 per New Ordinary Share. Provided that the Offering is fully subscribed, the Offering will provide the Company with approximately SEK 151.1 million before costs related to the Offering. The Company's costs related to the Offering are expected to amount to approximately SEK 7.5 million, which means that the net funds amount to approximately SEK 143.6 million (the "Net Funds") if the Offering is fully subscribed. It is the intention of the Board to utilise the Net Funds to support and grow the Group. More specifically, the Net Funds are expected to be utilised for the following purposes:

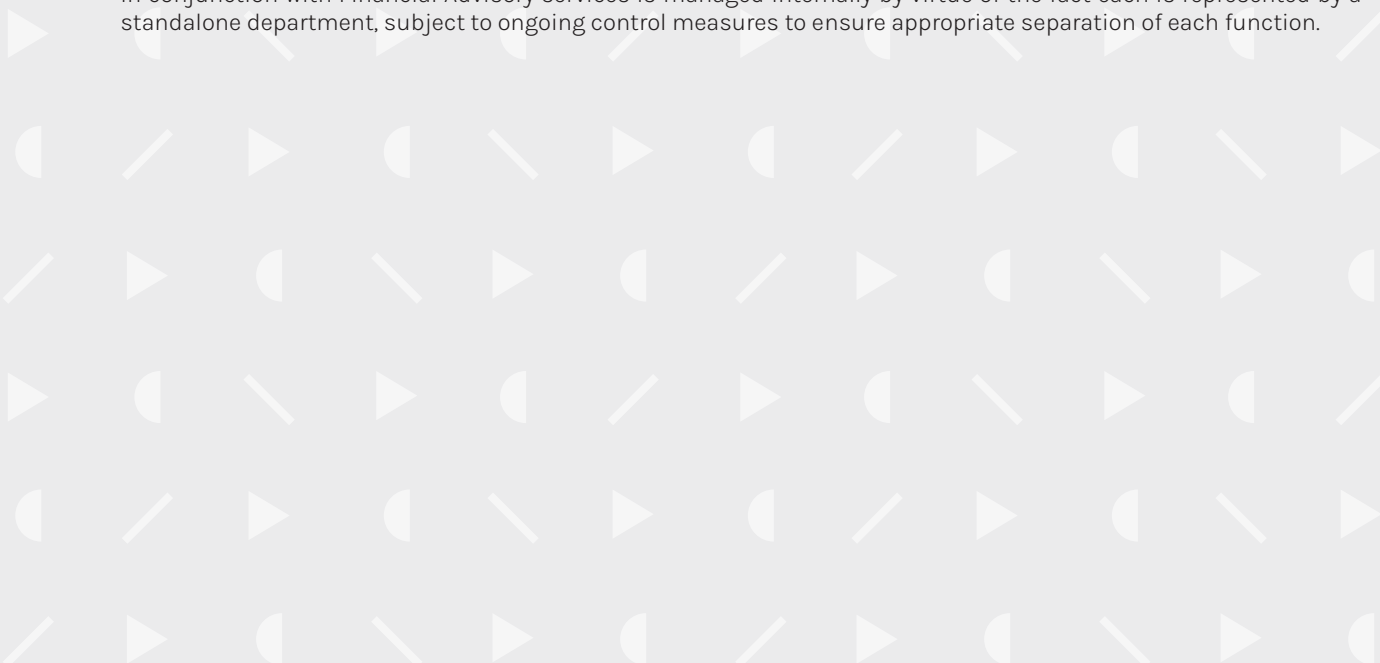
1. Strengthening the balance sheet of the Group and thereby enhancing the capacity of the trading team within CoinShares Capital Markets to leverage existing and prospective trading strategies to increase revenue generation for the Group. (30% of the Offering).
2. The development, launch and distribution of additional products to expand the offerings of the Group. This will assist the Group in its ambition to retain its position as Europe's largest digital asset manager in the context of new participants and competition entering the digital asset space. (20% of the Offering).
3. Supporting the existing and prospective initiatives of the Group (the "Growth Initiatives") to further diversify the activities of CoinShares and remain a key participant in all aspects of the digital asset industry. (10% of the Offering).
4. The identification and the acquisition of businesses that undertake activities that may be complementary to the Group. (20% of the Offering).
5. Investment in the infrastructure and internal control processes of the Group, ensuring that CoinShares is well placed to successfully manage its continued growth while adequately implementing risk mitigation. (10% of the Offering).
6. Provide general working capital. (10% of the Offering).

Prior to the Offering, a number of external, private and institutional investors have undertaken to, under certain conditions, and at the same price as other investors, subscribe for a total of 2,794,949 New Ordinary Shares in the Offering, corresponding to 83% of the total number of Ordinary Shares in the Offering to a total value of approximately SEK 125.5 million.

Advisors, interests and conflicts of interest

Mangold is Financial Advisor, as well as Certified Advisor, to the Company in connection with the Offering and the Listing. In this capacity, Mangold has an economic interest in the Company in terms of the remuneration Mangold can receive at the completion of the Offering. Mangold has also committed to subscribe for New Ordinary Shares in the Offering. Mangold conducts securities business (Sw. värdepappersrörelse), which, amongst other activities, includes transactions for its own account. In the course of this business, Mangold may trade in or take positions in securities which are directly or indirectly linked to the Company. Mangold acts as an issuing agent in connection with the Offering and the Listing.

The perceived conflict of interest that may potentially arise from Mangold executing both Certified Advisory services in conjunction with Financial Advisory services is managed internally by virtue of the fact each is represented by a standalone department, subject to ongoing control measures to ensure appropriate separation of each function.



RESPONSIBLE PARTIES, INFORMATION FROM THIRD PARTIES AND COMPETENT AUTHORITY

Responsible parties

The Board of Directors of the Company is responsible for the contents of the Prospectus. To the best of the Board of Directors' knowledge, the information provided in the Prospectus complies with the factual circumstances and no information has been omitted from the Prospectus that could affect its content.

The Company's Board composition as at the date of the Prospectus is set out below.

Name	Position
Daniel Masters	Chairman
Jean-Marie Mognetti	Board member (and CEO)
Johan Lundberg	Non-Executive Director
Carsten Køppen	Non-Executive Director

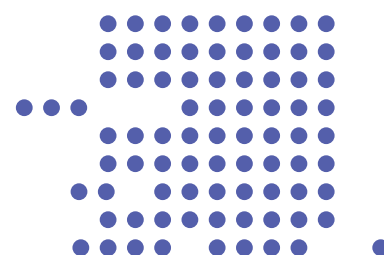
Approval of the Prospectus

The Prospectus has been approved by the SFSA, which is the Swedish national competent authority, in accordance with Regulation (EU) 2017/1129. The SFSA approves the Prospectus only to the extent that it meets the requirements for completeness, comprehensibility and consistency specified in Regulation (EU) 2017/1129. The approval should not be seen as any kind of support for the issuer or support for the quality of the securities referred to in the Prospectus. Each investor should make their own assessment of whether it is appropriate to invest in the Offering as outlined in the Prospectus. The Prospectus has been prepared as an EU Growth Prospectus in accordance with Article 15 of Regulation (EU) 2017/1129.

Information from third parties

The Company confirms that information from third parties in the Prospectus has been reproduced correctly and that, as far as the Company is aware and can ascertain from information published by the third party concerned, no facts have been omitted that would make the reproduced information incorrect or misleading. Unless explicitly stated otherwise, statements in the Prospectus are based on the joint assessment of the Board of Directors and Executive Management. The third-party sources that CoinShares has used in the preparation of the Prospectus appear in the list of sources on the following page.

Some parts of the Prospectus refer to information on websites. The information on these websites does not form part of the Prospectus, unless the information has been incorporated by reference, and has not been reviewed or approved by the SFSA.



REFERENCES MADE IN THE PROSPECTUS

References in the Prospectus	Source
3rd Global Cryptoasset Benchmarking Study, September 2020	https://www.jbs.cam.ac.uk/wp-content/uploads/2020/09/2020-ccaf-3rd-global-cryptoasset-benchmarking-study.pdf
Armanino LLP - Information regarding the TrustExplorer Real-time Attest	https://real-time-attest.trustexplorer.io/
Bitinfocharts.com	https://bitinfocharts.com
BrokerCheck - Brokerage Firm Regulated by FINRA (New York district office).	https://brokercheck.finra.org/firm/summary/170506
CoinDesk - PayPal Embraces Crypto, Igniting Market as Mainstream Adoption Inches Closer. Article published on 21 October 2020	https://www.coindesk.com/paypal-new-york-conditional-bitlicense-paxos-cryptocurrency
CoinDesk - PwC Report Points to Banner Year for Crypto M&A and Fundraising Deals. Article published on 15 October 2020.	https://www.coindesk.com/pwc-report-points-to-banner-year-for-crypto-ma-and-fund-raising-deals
CoinMarketCap - Global Charts Total Market Capitalisation.	https://coinmarketcap.com/charts/
CoinMetrics.io	https://coinmetrics.io
Compass Financial Technologies - Diversified Exposure to the Alternative Asset Space	http://compassft.com/cgci/
DBS - Newsroom	https://www.dbs.com/newsroom/dbs_digital_exchange
DGLD's webpage with information about its services	https://dgld.ch/
Digital Assets Custody - Custodian Comparison	https://digital-assets-custody.com/custodian-comparison/
EIF's with information about EFSI Equity Instrument	https://www.eif.org/what_we_do/equity/efsi/index.htm
European Commission - First six Artificial Intelligence and Blockchain Technology funds backed by InnovFin raise a total of EUR 700m. Article published on 28 October 2020.	https://ec.europa.eu/commission/presscorner/detail/en/IP_20_1991
Finbold - Europe's largest digital asset manager passes \$1 billion in assets. Article published on 20 August 2020.	https://finbold.com/europes-largest-digital-asset-manager-passes-1-billion-in-assets/
Genesis Q3 2020 - Digital Asset Market Report	https://genesistrading.com/wp-content/uploads/2020/11/GenesisQ3QuarterlyReport-3.pdf
HanETF's webpage with information about its products	https://www.hanetf.com/product/8/fund/btcetc-bitcoin-exchange-traded-crypto-btce
Messari - Dashboard	https://messari.io/
MicroStrategy - Microstrategy Announces Over \$1B in Total Bitcoin Purchases in 2020. Article published on 21 December 2020.	https://www.microstrategy.com/en/company/company-videos/microstrategy-announces-over-1b-in-total-bitcoin-purchases-in-2020
JFSC - Corporate information about Komainu (Jersey) Limited	https://www.jerseyfsc.org/industry/regulated-entities/entity/87404
K&L Gates FinTech Law Watch - The world's first listed regulated bitcoin fund. Article published on 16 January 2017	https://www.fintechlawblog.com/2017/01/the-worlds-first-listed-regulated-bitcoin-fund/#page=1
MarketsandMarkets - Crypto Asset Management Market by Solution (Custodian and Wallets), Application Type (Web-based and Mobile), End user (Individual and Enterprise (Institutions (BFSI, Hedge Funds), Retail and eCommerce)), Region - Global Forecast to 2025. Article published in June 2020.	https://www.marketsandmarkets.com/Market-Reports/crypto-asset-management-market-201925303.html
MKS PAMP press release - 15 October 2019	https://www.mkspamp.com/sites/default/files/dgld_pr_0.pdf
Northern Trust - Standard Chartered and Northern Trust partner to launch Zodia, a cryptocurrency custodian for institutional investors. Article published on 9 December 2020	https://www.northerntrust.com/united-states/pr/2020/standard-chartered-northern-trust-launch-zodia
Prequin Special Report: Top Performing Hedge Funds in 2017	https://docs.prequin.com/reports/Prequin-Special-Report-Top-Performing-Hedge-Funds-in-2017.pdf
PR Newswire - Celsius Network Partners with Chainalysis To Confirm Audit of \$3.31 Billion in Assets. Article published on 9 December 2020.	https://www.prnewswire.com/news-releases/celsius-network-partners-with-chainalysis-to-confirm-audit-of-3-31-billion-in-assets-301189705.html
PR Newswire - Komainu to Support UK Law Enforcement in the Fight Against Crime Involving Digital Assets. Article published on 21 January 2021.	https://www.prnewswire.co.uk/news-releases/komainu-to-support-uk-law-enforcement-in-the-fight-against-crime-involving-digital-assets-803987511.html
PWC, 2020 Crypto Hedge Fund Report	https://www.pwc.com/gx/en/financial-services/pdf/pwc-elwood-annual-crypto-hedge-fund-report-may-2020.pdf
PWC, 2nd Global Crypto M&A and Fundraising Report, April 2020	https://www.pwc.com/gx/en/financial-services/pdf/2nd-global-crypto-ma-and-fundraising-report-april-2020.pdf
Reuters - Japanese financial group SBI acquires cryptocurrency trading firm B2C2. Article published on 15 December 2020.	https://in.reuters.com/article/b2c2-ma-sbi-holdings/japanese-financial-group-sbi-acquires-cryptocurrency-trading-firm-b2c2-idINLIN2IU1KO
Reuters - Nomura and partners launch digital asset custodian Komainu. Article published on 17 June 2020.	https://www.reuters.com/article/us-crypto-currencies-nomura-idUSKBN2302AS
Securities.io - A First: Cryptoassets and Gold in EU Benchmark Compliant Index. Article published on 3 September 2020.	https://www.securities.io/a-first-cryptoassets-and-gold-in-eu-benchmark-compliant-index/
Skew.com	https://skew.com/
Square - Square, Inc. Invests \$50 Million in Bitcoin. Article published on 8 October 2020.	https://squareup.com/us/en/press/2020-bitcoin-investment
The Block Crypto - 2020 Year In Review	https://www.theblockcrypto.com/promotions/2020-in-review/#/item-3
The Block Crypto - Binance confirms CoinMarketCap acquisition. Article published on 2 April 2020.	https://www.theblockcrypto.com/post/60595/binance-confirms-acquiring-coinmarketcap
WisdomTree's webpage with information about its products	https://www.wisdomtree.eu/en-ie/products?subAssetClass=Bitcoin

BACKGROUND AND REASONS FOR LISTING

In 2013, the management of the Company identified certain characteristics within the digital assets market that were comparable to that of the emergent energy markets in the 1990s. The digital assets market was volatile, illiquid, often misunderstood, under-regulated and embryonic. While interest in the space was growing, the lack of understanding from investors in how to purchase, store and trade digital assets was (and to some extent still is) preventing otherwise willing participants from entering the market. Therefore, in 2014, the Company (under its former name of Global Advisors (Holdings) Limited) launched the Global Advisors Bitcoin Investment Fund (the "GABI Fund"), the World's first regulated Bitcoin investment vehicle, which was active until 9 March 2018.¹

Since the launch of the GABI Fund, the activities of the Group have pivoted to focus solely on the digital asset sector by founding CoinShares and its subsidiaries. The Group is focused on building innovative infrastructure, financial products and services for the digital asset class. The Group has offered digital asset exposure and undertaken digital asset trading activities since early 2013 and has grown into Europe's largest digital asset manager.² The financial services provided by the Group comply with all applicable regulations and are structured to anticipate the requirements of institutional investors.

In recent years, the Group's focus has been on maintaining its market position through the growth of the CoinShares brand, increasing its levels of assets under management ("AUM"), improving its suite of products, intensifying its market presence and attracting / retaining an Executive Management team composed of experienced professionals, while improving its own financial performance.

The Board of CoinShares International Limited, the holding company of the CoinShares Group, registered in Jersey, Channel Islands (under company number 102185), has resolved to complete the Offering by issuing New Ordinary Shares to the public in combination with the Listing on Nasdaq First North Growth Market.

The Board of Directors believes that the Offering and the Listing of the Company's Ordinary Shares on Nasdaq First North Growth Market will, among other things:

- **Increase the Group's balance sheet to support the execution of its strategic initiatives**
The trading activities carried out by the Group will benefit from having a larger pool of capital to draw from in order to take advantage of further opportunities within the market. At present, the majority of free cash flow is diverted towards these activities to generate revenue and support the costs of the Group. An increased balance sheet will allow the trading activities to scale, increasing both growth and revenue.
- **Provide the Group's shareholders and counterparties greater transparency over the Group's financial position**
The regular and regulated flow of information required by a listed entity is not only important for the Company's existing and prospective shareholders, but also its existing and prospective counterparties / other stakeholders. The Board believes that transparency is particularly

important given the nature of the industry within which it operates and therefore views these obligations as beneficial to both the Group and the industry as a whole.

- **Increase the level of regulatory scrutiny of the Group, enabling it to demonstrate its strong corporate governance to external parties**

Due to the nature and maturity of the industry within which the Group operates, coupled with the regulated status of certain entities within the Group, CoinShares is already subject to a degree of ongoing scrutiny from a number of regulatory bodies in several jurisdictions including Jersey, Sweden, the UK and the USA. The Group welcomes this scrutiny and the opportunities that it presents for the Group to demonstrate the systems and controls that it has in place. The Listing will further increase regulatory scrutiny of the Group, thereby encouraging the maintenance and improvement of existing policies and procedures. These increased standards will, in the Board's opinion, contribute to the long-term success of the Group.

- **Increase brand recognition**

It is the opinion of the Board that the Listing will increase CoinShares' brand recognition, which forms a key part of the Group's strategy as it looks to broaden its client and counterparty base.

- **Provide liquidity for the Company's Shareholders**

The Company's shareholder base has historically been supportive of the Group and has witnessed its recent growth without having a direct means to realise the value of their initial investments. The Listing will provide them with the opportunity to trade their holdings (subject to any relevant Lock-up Undertakings). It will also provide existing shareholders with an opportunity to further invest in the Company, allowing them to gain further exposure to an emerging industry without needing to acquire direct holdings in digital assets themselves.

The public in Sweden and institutional investors in Sweden and internationally are offered to subscribe for a maximum of 3,364,403 New Ordinary Shares in CoinShares at a subscription price of SEK 44.9 per New Ordinary Share. Provided that the Offering is fully subscribed, the Offering will provide the Company with approximately SEK 151.1 million before costs related to the Offering. The Company's costs related to the Offering are expected to amount to approximately SEK 7.5 million, which means that the net funds amount to approximately SEK 143.6 million (the "Net Funds") if the Offering is fully subscribed. It is the intention of the Board to utilise the Net Funds to support and grow the Group. More specifically, the Net Funds are expected to be utilised for, inter alia, the following:

1. Strengthening the balance sheet of the Group and thereby enhancing the capacity of the trading team within CoinShares Capital Markets to leverage existing and prospective trading strategies to increase revenue generation for the Group. (30% of the Offering).
2. The development, launch and distribution of additional products and services to expand the offerings of the

¹ K&L Gates FinTech Law Watch - The world's first listed regulated bitcoin fund. Article published on 16 January 2017.

² Finbold - Europe's largest digital asset manager passes \$1 billion in assets. Article published on 20 August 2020.

Group. This will assist the Group in its ambition to retain its position as Europe's largest digital asset manager in the context of new participants and competition entering the digital asset space. (20% of the Offering).

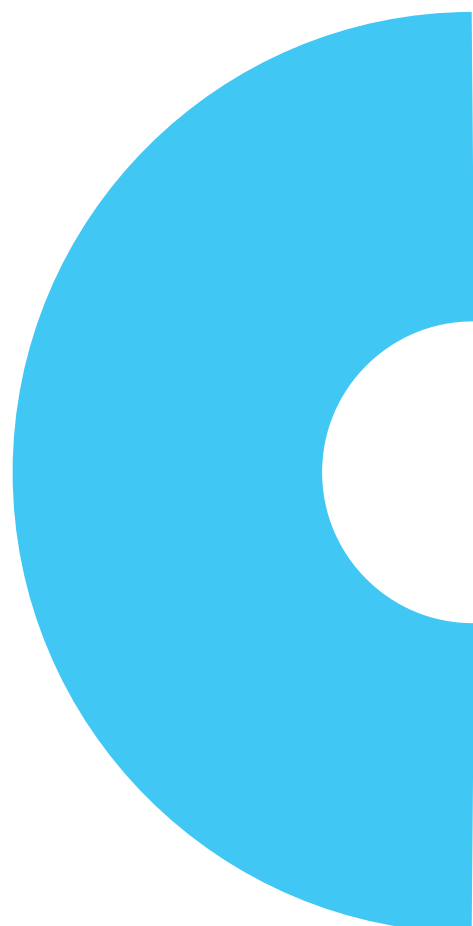
3. Supporting the existing and prospective Growth Initiatives of the Group in order to further diversify the activities of CoinShares and remain a key participant in all aspects of the digital asset industry. (10% of the Offering).
4. The identification and the acquisition of businesses that undertake activities that may be complementary to the Group. (20% of the Offering).
5. Investment in the infrastructure and internal control processes of the Group, ensuring that CoinShares is well placed to successfully manage its continued growth while adequately implementing risk mitigation. (10% of the Offering).
6. Provide general working capital. (10% of the Offering).

Prior to the Offering, a number of external, private and institutional investors have undertaken to, under certain conditions, and at the same price as other investors, subscribe for a total of 2,794,949 New Ordinary Shares, corresponding to approximately 83% of the total number of Ordinary Shares in the Offering to a total value of approximately SEK 125.5 million (see the "Subscription commitments" section).

Advisors and conflicts of interest

Mangold is Financial Advisor, as well as Certified Advisor, to the Company in connection with the Offering and the Listing. In this capacity, Mangold has an economic interest in the Company in terms of the remuneration to be received upon completion of the Offering. Mangold has also committed to subscribe for New Ordinary Shares in the Offering. Mangold conducts securities business (Sw. värdepappersrörelse), which, amongst other activities, includes transactions for its own account. In the course of this business, Mangold may trade in or take positions in securities which are directly or indirectly linked to the Company. Mangold acts as an issuing agent in connection with the Offering and the Listing.

The conflict of interest that may potentially arise from Mangold executing both Certified Advisory services in conjunction with Financial Advisory services is managed internally by virtue of the fact each is represented by a standalone department, subject to ongoing control measures to ensure appropriate separation of each function.



MARKET OVERVIEW

This section includes certain market and industry information and data related to the Company's business. All information and data about market, growth, trends and size as specified in this Prospectus is the Company's overall assessment based on both internal and external sources. Although the information has been reproduced correctly and the Company believes the sources to be reliable, the Company has not independently verified the information and it cannot be guaranteed that this information is accurate or complete, as the Company does not have access to the facts and assumptions underlying such market data, or statistical information and economic indicators contained in these third-party sources. As far as the Company is aware and is able to assure itself through comparison with other information published by third parties, and to the Company's knowledge, no facts have been omitted in a way that would render the reproduced information inaccurate or misleading.

Introduction

CoinShares operates within several sectors of the digital asset industry. The Group is predominantly involved in providing both passive digital asset management in the form of ETPs ("CoinShares Passive"), and also a range of capital markets activities ("CoinShares Capital Markets"), which includes liquidity provision (refer to section "Liquidity Provision") in respect of its ETPs, lending and borrowing, as well as proprietary trading with a non-directional bias. The Group also looks to offer active asset management and advisory in the form of financing, syndication and fundraising.

The Group's services are available globally, except for the ETP issuances, which at present are only offered on the European market. With offices in Jersey, the UK, Sweden and the US, the operations of the Group target the markets in these countries in particular, subject to regulatory restrictions from time to time.

The market overview included below places particular focus on the areas of the digital asset industry within which CoinShares is most active, being the provision of passive products (such as the ETPs issued by CoinShares Passive) and the provision and execution of capital markets activities (such as those undertaken by CoinShares Capital Markets).

Due to the diversity of the market segments in which the Group participates, the Board believes that CoinShares is better positioned when compared to entities with a specific focus on one particular area of the digital asset space, or those that simply provide look-through exposure to the performance of a particular digital asset (or basket of multiple digital assets).

Bitcoin & Digital Assets

The Bitcoin Whitepaper of October 2008, entitled Bitcoin: A Peer-to-Peer³ Electronic Cash System, outlined a vision for a purely peer-to-peer version of electronic cash, allowing users to transact directly without any involvement of financial institutions. By utilising digital signatures in conjunction with a decentralised timestamp server using a hash-chain with embedded proof-of-work, a tamper-proof record was created that cannot be altered without redoing the proof-of-work. The longest chain would serve as proof, not only of the sequence of transactions, but also that the chain was created by the largest pool of computing power. So long as a majority of the computing power is honest, the correct chain will outpace any attacker.

Any desired transactions are broadcast to the entire network directly by users and propagated by network peers on a best effort basis. The network itself is designed to have minimal structural requirements, with nodes being free to leave and rejoin at any time, accepting the longest chain as proof of any events they would have missed during their absence.

From a niche project with a few dozen users in 2009, Bitcoin has seen substantial growth in usage over the past decade, and thousands of additional cryptocurrencies have been created as interest in digital assets and blockchain technology has continued to grow.

Researchers from Cambridge University now estimate that there are conservatively 100 million global users of digital assets.⁴ Trade and settlement volumes have followed suit. Using Bitcoin as the primary example, in the years since its launch in early 2009, daily Bitcoin trade volumes settled "on-chain" have grown to in excess of an average of USD 1.5 billion per day in 2020.⁵

The same pattern of usage growth in active Bitcoin addresses can also be observed, with an estimated 1.05 million addresses actively using the Bitcoin blockchain as of 31 December 2020⁶. However, as has been widely publicised in recent years, growth both in usage and price has been volatile. The Bitcoin price in particular has traditionally been volatile due to news events concerning exchange hacks, law enforcement matters and technical issues relating to the technology itself.

³ Peer-to-peer is a distributed application architecture that partitions tasks or workloads between peers. Peers are equally privileged, equipotent participants in the application.

⁴ They are said to form a peer-to-peer network of nodes.

⁵ 3rd Global Cryptoasset Benchmarking Study, September 2020.

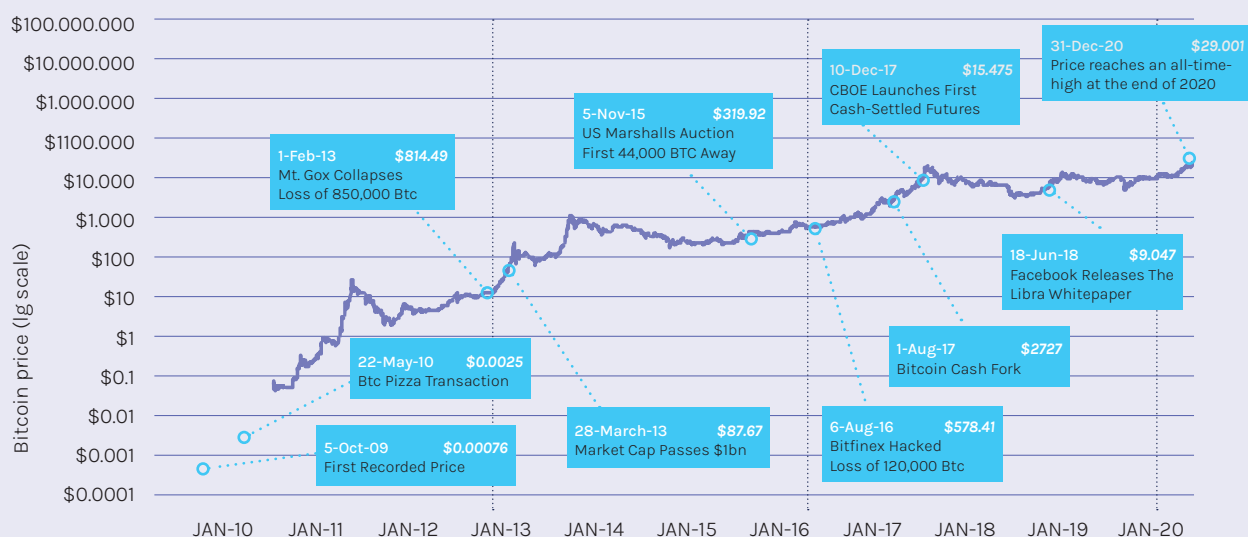
⁶ CoinMetrics.io.

⁷ bitinfocharts.com.

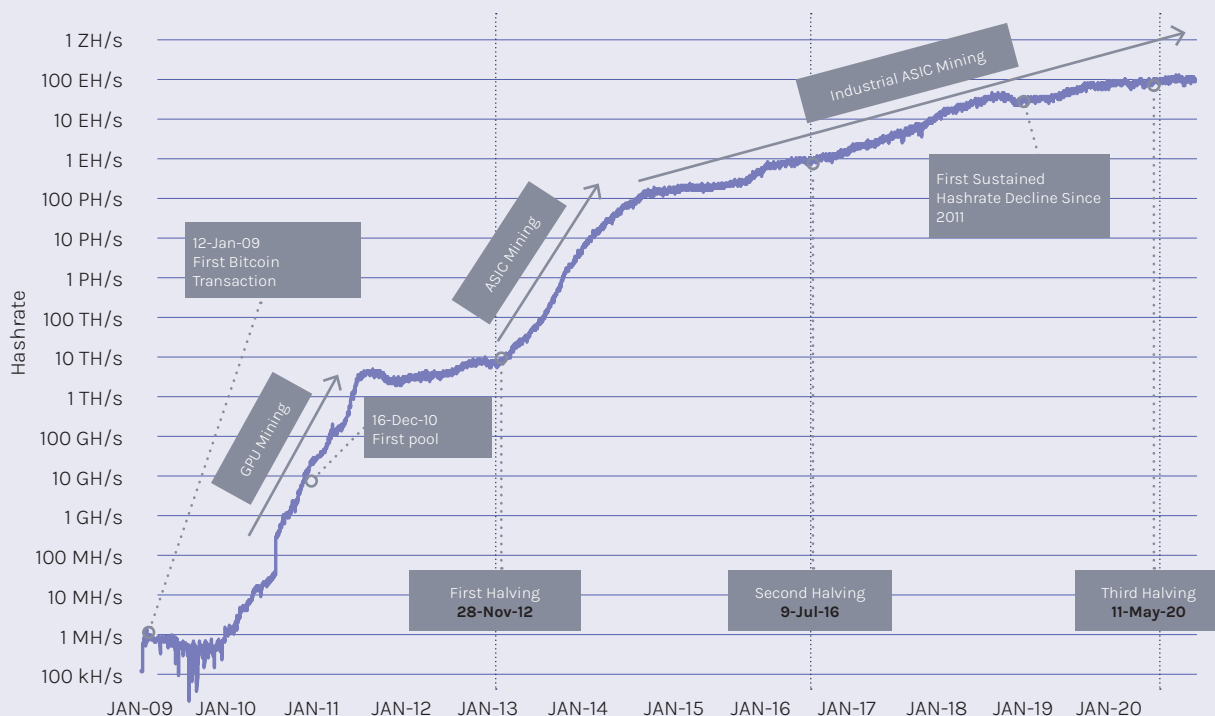
The charts below depict the Bitcoin price history on a log scale and its historic hashrate (representing the processing power of

the Bitcoin network) on a log scale, alongside select historical events relating to price and network development.

Bitcoin historical price



Bitcoin historical hashrate



Even in the face of adverse events and several thousand attempts at recreating or improving upon Bitcoin, it continues to dominate the digital asset industry in usage, trade and

settlement volumes, and total network value. Messari reports that Bitcoin accounts for 70.7% of the total of all token and network values as of 31 December 2020.⁷

Top digital assets by market dominance 31 December 2020

Rank	Name	Ticker	Network Value (billion USD)	Dominance
1	Bitcoin	BTC	537.2	70.7%
2	Ethereum	ETH	83.2	10.9%
3	Tether	USDT	21.4	2.8%
4	Litecoin	LTC	8.3	1.1%
5	Polkadot	DOT	8.2	1.1%
6	XRP	XRP	7.8	1.0%
7	Bitcoin Cash	BCH	6.6	0.9%
8	Cardano	ADA	5.8	0.7%
9	Binance Coin	BNB	5.4	0.7%
10	Chainlink	LINK	4.5	0.6%

Digital Assets – Passive Management

Over the course of 2020, the passive digital asset management market showed a number of developments, with an increased number of market participants in Europe offering services comparable to those of CoinShares Passive (further details of which are included in the “Business Overview – CoinShares Passive” section in the Prospectus), being the issuance of ETPs tracking the performance of specific digital assets (predominantly Bitcoin).

It is the Board’s belief that the primary cause of this growth has been the increased level of demand from retail and institutional investors. This in turn has attracted a greater number of digital asset management solutions and providers to the market. Additionally, increased venture capital funding and investments in digital asset management technology has further driven this market as the quality of solutions (increased transparency, reduced fees etc.) continues to improve, attracting a wider range of investors.

The current competitors to the Group operating within the passive management space include, but are not limited to:

VanEck – VanEck is a US based asset manager with approximately USD 3.9 billion of assets in Europe as at 31 December 2020, where they offer a range of ETPs and Mutual Funds. VanEck launched an OTC traded bitcoin trust in September 2019 and then a Bitcoin ETP, listed on XETRA (trading platform of Deutsche Börse Group) at the end of 2020. As at 16 February 2021, VanEck had approximately USD 133 million of digital assets under management.⁸

21 Shares – 21 Shares, previously known as Amun, manages 11 digital asset based ETPs, which includes seven single asset and four index ETPs. 21 Shares established itself in 2018 with the first listing of a digital asset ETP on SIX Swiss Exchange. As at 16 February 2021, 21 Shares had approximately USD 244 million of digital assets under management in relation to their Bitcoin ETP, a further USD 114 million of digital assets under management in relation to their Ethereum ETP. In addition, 21 Shares issues a number of additional ETPs tracking several

digital assets.⁹

WisdomTree – WisdomTree is a US based asset manager that also offers a range of ETPs within Europe. Wisdom Tree launched a physically backed bitcoin ETP on SIX in December 2019, currently only available to professional investors, with a competitive management fee of 0.95%. As at 16 February 2021, WisdomTree had approximately USD 265 million of digital assets under management.¹⁰

HanETF – HanETF is a UK-based provider of ETF and ETP “white-label” services to global asset managers looking to enter the European ETP market, and has approximately USD 1,128 million of assets in Europe, where they and their “white-label” partners offer a range of products. HanETF launched the first physically backed bitcoin ETP on XETRA in August 2020, with an issuer domiciled in Germany. As at 16 February 2021, HanETF had approximately USD 705 million of digital assets under management.¹¹

In comparison to those mentioned above, the Group’s level of AUM as at 19 February 2021 stood at **USD 4.56 billion**.

The number of market participants is expected to increase over the coming years to meet the growing demand from investors, in a range of jurisdictions (that will represent a variety of regulatory challenges). It is the goal of the Group to increase its share of this growing market segment, where it is already positioned as the largest digital asset manager in Europe. In order to do so, the Group will need to ensure its existing and prospective products meet the requirements of investors and stay competitive in terms of pricing, transparency and quality of service, while navigating a regulatory environment that is subject to ongoing changes.

One of the key differentials between CoinShares and its competitors in the digital asset management space is the range of additional activities of the Group, particularly those activities undertaken by CoinShares Capital Markets (as described in the “Business Overview” section of the Prospectus). This market segment is described in detail below.

⁷ <https://messari.io/>

⁸ <https://www.vaneck.com/it/en/etf/digital-assets/vbtc/overview/>

⁹ <https://21shares.com/product/abtc>

¹⁰ <https://www.wisdomtree.eu/en-ie/products?subAssetClass=Bitcoin>

¹¹ <https://www.hanetf.com/product/8/fund/btcetf-bitcoin-exchange-traded-crypto-btce>

Digital Assets - Capital Markets

As of 31 December 2020, the total market capitalisation of digital assets stood at approximately USD 767 billion, of which 70.7% was represented by Bitcoin. Since year end 2020 this figure has increased even further, with the total market capitalization as of 16 February 2021 standing at approximately USD 1,483 billion.¹² It is the Group's belief that this growth is indicative of a paradigm shift underway in the financial ecosystem. Access to the financial system is being democratised and new participants are entering the marketplace.

The digital asset capital market micro-structure is therefore beginning to resemble our current financial system.

The growth of the digital assets market has given rise to a range of capital markets opportunities, more traditionally associated with the legacy financial ecosystem. This includes spot trading, options / futures trading, custody services and fixed income activities. Additionally, the industry has started to see traditional financial service providers launching digital exchanges, such as DBS Bank on 18 December 2020 marking the first significant entrance into spot trading from a traditional financial services provider.¹³

Over the course of 2020, increasing levels of institutional investment and institutional participation in the digital asset industry served to further advance each of these activities. This can be exemplified by corporate treasury purchases by companies such as Microstrategy, Inc. (NASDAQ:MSTR), who have purchased 70,470 Bitcoin to date for approximately USD 1.125 billion¹⁴ and Square, Inc. (NYSE:SQ), who purchased 4,709 Bitcoin for an aggregate purchase price of USD 50 million¹⁵.

Annual digital asset spot trading volumes increased by 125% in 2020, with December alone seeing USD 310 billion of volume, surpassing the previous highs observed in December 2017 and January 2018.¹⁶

The increasing popularity of digital assets has also seen a significant increase in options trading, with open interest in Bitcoin options (representing total value of futures contracts held by market participants) reaching over USD 6.9 billion as at 31 December 2020 from approximately USD 0.4 billion at the beginning of the year.¹⁷

Custody offerings have grown significantly with the introduction of Komainu¹⁸, a JV between the Group, Nomura and Ledger (see Business Overview – CoinShares Capital Markets) and Zodia¹⁹, a Standard Chartered project, joining existing custody offerings by companies such as Fidelity and Coinbase.²⁰

Borrowing and lending of digital assets has also seen a rise in popularity, with Genesis Trading reporting loan originations for the first 3 quarters of 2020 amounting to USD 11.4 billion²¹ and

Celsius Network having USD 3.3 billion on its lending platform heading into year-end 2020.²²

CoinShares Capital Markets is well positioned to benefit from these evolving growth trends, providing a full suite of trading services to an increasing client base wishing to participate in digital asset capital markets, and utilising the balance sheet of the Group in order to generate gains in the form of trading profits and yield. Further information on the activities of CoinShares Capital Markets is included within the “Business Overview” section of the Prospectus.

Digital Asset Management – Active Management and Advisory

In addition to the digital asset market segments outlined above (which are relevant to the two core business units of the Group), the Group looks to become more involved in additional market segments through its various Growth Initiatives (outlined in further detail within the “Business Overview” section of the Prospectus). Natural synergies exist between the active management, advisory and fundraising segments of the digital asset market, which the Group will look to explore.

Active Management

The number of digital asset hedge funds has significantly increased in the last three years as the asset class has begun to mature. It was estimated that, as of 2020, the global number of active digital asset hedge funds amounted to 150, collectively holding over USD 2 billion AUM.²³ This was an increase of approximately 100 percent from the previous year.²⁴

It is the belief of the Group that funds with a focus on making investments into the digital asset space more broadly, for example into companies with a focus on blockchain technology rather than digital assets themselves, will also show growth in the future. For example, in October 2020 the European Investment Fund and the European Commission announced²⁵ the launch of six venture capital funds under the InnovFin Artificial Intelligence and Blockchain pilot, with a cumulative fund size of EUR 700 million.²⁶

The Group currently has one active fund of this nature (as described within the “Business Overview – Growth Initiatives” section of the Prospectus), and will look to position itself to explore this segment of the digital asset market further over the coming years.

Advisory

The market for digital asset advisory services can be split into the market for digital asset fundraising and the market for digital asset mergers and acquisitions. Both markets, while still in early stages, are maturing in terms of institutionalisation of the industry, which is reflected in the sectors where transactions are being made. In particular, there

¹² <https://messari.io/>

¹³ https://www.dbs.com/newsroom/dbs_digital_exchange

¹⁴ <https://www.microstrategy.com/en/company/company-videos/microstrategy-announces-over-1b-in-total-bitcoin-purchases-in-2020>

¹⁵ <https://squareup.com/us/en/press/2020-bitcoin-investment>

¹⁶ <https://www.theblockcrypto.com/promotions/2020-in-review/#/item-1>

¹⁷ <https://skew.com/>

¹⁸ <https://www.reuters.com/article/us-crypto-currencies-nomura-idUSKBN2302AS>

¹⁹ <https://www.northerntrust.com/united-states/pr/2020/standard-chartered-northern-trust-launch-zodia>

²⁰ <https://digital-assets-custody.com/custodian-comparison/>

²¹ <https://genesistrading.com/wp-content/uploads/2020/11/GenesisQ3QuarterlyReport-3.pdf>

²² <https://www.prnewswire.com/news-releases/celsius-network-partners-with-chainalysis-to-confirm-audit-of-3-31-billion-in-assets-301189705.html>

²³ PWC, 2020 Crypto Hedge Fund Report, page 8.

²⁴ PWC, 2020 Crypto Hedge Fund Report, page 8.

²⁵ https://ec.europa.eu/commission/presscorner/detail/en/IP_20_1991

²⁶ https://www.eif.org/what_we_do/equity/efsi/index.htm

is a growth of both fundraising and mergers and acquisitions in digital asset exchanges and solutions for the digital asset ecosystem, especially compliance and regulatory solutions.²⁷

Merger and acquisition activity to date has been relatively muted, however, significant recent acquisitions include SBI's acquisition of trading firm B2C2²⁸ at an undisclosed valuation and the acquisition of Coinmarketcap by Binance for approximately USD 400 million²⁹. The average deal size of acquisitions rose to USD 45.9 million in the first half of 2020 from USD 19.2 million in 2019.³⁰

It is the Group's belief that further consolidation in the industry will occur, with larger and more profitable companies with a focus on digital assets acquiring some of the smaller companies on the market.³¹ Those companies that offer ancillary services, such as crypto media, compliance, regulatory

solutions and research, are especially attractive targets for acquisition by larger digital asset companies that are looking to complement their current offering.

Furthermore, there have been a number of recent examples of collaborations between established financial services companies and digital asset offerings that are bridging the gap between physical and digital assets, including PayPal's collaboration with Paxos³². As collaborations of this nature continue to be formed, it is expected that opportunities for digital asset advisory services will become more prevalent.

The advisory services undertaken by CoinShares (as described in the "Business Overview – Growth Initiatives" section) are currently in their infancy but the Group believes it is well positioned to take advantage of opportunities as the market starts to show signs of further growth.



²⁷ PWC, 2nd Global Crypto M&A and Fundraising Report, April 2020, page 3

²⁸ <https://in.reuters.com/article/b2c2-ma-sbi-holdings/japanese-financial-group-sbi-acquires-cryptocurrency-trading-firm-b2c2-idINL1N2IU1K0>

²⁹ <https://www.theblockcrypto.com/post/60595/binance-confirms-acquiring-coinmarketcap>

³⁰ <https://www.coindesk.com/pwc-report-points-to-banner-year-for-crypto-ma-and-fundraising-deals>

³¹ PWC, 2nd Global Crypto M&A and Fundraising Report, April 2020, page 5

³² CoinDesk - PayPal Embraces Crypto, Igniting Market as Mainstream Adoption Inches Closer. Article published on 21 October 2020.

Regulation of Digital Assets and Products

As a relatively new asset class comprising a variety of different products, aimed at a range of different classes of investor and involving a number of counterparties, the regulation of digital assets can evolve quickly. This evolution does not necessarily occur in a consistent manner across jurisdictions. Currently, certain digital asset products and market participants are subject to a degree of regulation, whereas others are not. The global regulatory landscape for digital assets is developing, with significant potential changes on the horizon, in the EU and US in particular; however, it remains fragmented as different jurisdictions take different approaches, for example, some seeking to fit digital assets into existing regulatory frameworks (which to a degree, is the US approach), whilst others seek to create a bespoke approach (for example, the EU and their proposed Markets in Crypto-Assets regulation).

Current and prospective regulatory landscape

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

EU

Currently the regulation of digital assets across the EU is largely undertaken on a jurisdiction by jurisdiction basis of classifying whether or not the digital asset qualifies as a “financial instrument”. The one exception to this approach concerns e-money, which is regulated on an EU wide basis, under the Electronic Money Directive.

On 24 September 2020, the EU Commission released the Proposal for a Regulation on Markets in Crypto-assets (“MiCA”) as part of the EU Digital Finance Strategy. MiCA aims to create a comprehensive framework for digital assets not already subject to European financial services legislation. MiCA is also concerned with digital asset service providers. It is anticipated that MiCA may be up to 2 years away from being adopted.

MiCA seeks to categorise different types of digital assets between primary categories (crypto assets, asset referenced tokens or e-money tokens) and a number of sub-categories of the primary categories (including but not limited to utility tokens, significant asset referenced tokens, significant e-money tokens and other e-money tokens). The type of regulation proposed depends upon the categorisation concerned. It is proposed that some digital assets continue to be regulated under existing arrangements, for example, to issue e-money tokens, authorisation is required under the existing Electronic Money Directive.

With regard to the issuance of other digital assets, other than asset referenced tokens or e-money tokens, MiCA will impose a number of requirements on issuers. Issuers of these types of digital assets will be required to produce and publish a white paper, covering a defined list of criteria, which should be submitted to their home state regulator, who has the ability to suspend the issuance if it has concerns. Furthermore, there are proposed requirements on the issuer concerning the submission of marketing material to the home state regulator and regarding the issuer being fair, clear and not misleading in their dealings and concerning the management of conflicts of interest.

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

Once authorised, digital asset service providers will be obliged to follow a range of new regulatory requirements, including formal obligations to act fairly towards clients, the maintenance of certain minimum capital amounts, requirements regarding governance, the safeguarding of client assets, maintaining complaints handling procedures and certain provisions concerning outsourcing.

UK

In October 2018 the UK Treasury, Financial Conduct Authority (“FCA”) and Bank of England published a Cryptoassets Taskforce Report. This report contained the UK’s policy and regulatory approach to digital assets and distributed ledger technology in financial services. The report contained various work streams which have led to guidance on when digital assets were regarded as within the FCA’s regulatory perimeter (PS 19/22 Guidance on Cryptoassets) and a ban on the sale and marketing of products referencing certain digital assets to UK retail investors (PS 20/10: Prohibiting the Sale to Retail Clients of Investment Products that Reference Cryptoassets). This ban commenced on 6 January 2021 and impacts UK retail investors’ access to the ETPs of the Group.

The UK Treasury is currently considering the responses it has received to its Cryptoasset Promotion consultation. This consultation has proposed expanding the perimeter of the financial promotions regime to unregulated digital assets, to enhance consumer protection. It is expected that the results of this consultation will be published during the first half of 2021.

Additionally, the UK Treasury committed during the Budget in March 2020 to consult on the UK’s broader regulatory approach to digital assets. This consultation was expected to commence during 2020 but now looks like commencing during 2021.

US

There is currently no consistent approach to the regulation of digital assets across the US, instead different states and different federal agencies take individual approaches. Broadly, the sale of cryptocurrency within the US is generally only regulated if the sale either constitutes the sale of a security under state or Federal law or is considered money transmission under state law or conduct otherwise making the person a money services business under Federal law.

The Securities and Exchange Commission (“SEC”) provided guidance on the interaction of US federal securities laws and digital assets in “Framework for ‘Investment Contract’ Analysis of Digital Assets,” (April 2019). Notably, the SEC has undertaken a number of high profile litigation cases concerning whether digital assets were unregistered securities offerings (i.e. Kik Interactive and Telegram). In December 2020 the SEC filed an action against Ripple Labs Inc. and two of its executives, who are also significant security holders, alleging that they raised over USD 1.3 billion through an unregistered, and ongoing digital asset securities offering.

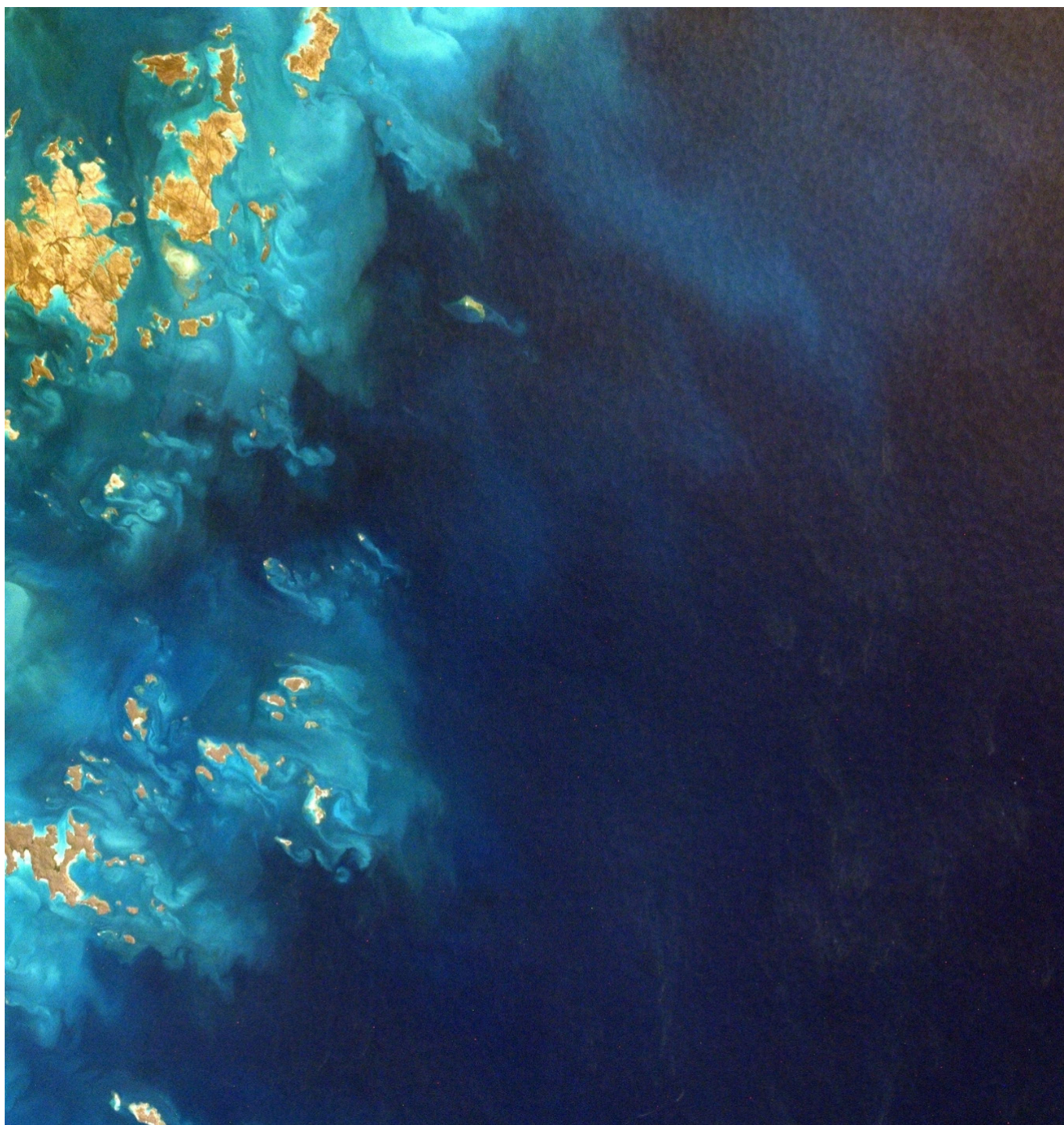
Jersey

Jersey is considered a key jurisdiction for CoinShares, as it is where the group is headquartered. CoinShares Capital Markets (Jersey) Limited (“CSCM”) is registered by the Jersey Financial Services Commission (“JFSC”) as a specified Schedule 2 Business, and is supervised under the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008.

As a consequence of the developing and fragmented regulatory landscape, the Company cannot fully anticipate and plan for possible future legislative and regulatory change or the impact that this may have on its existing business and growth

plans. CSIL’s success to date and its future success is built upon complying with all applicable rules and regulations; the Company therefore takes steps to ensure it remains at the forefront of the regulatory landscape, through active involvement in consultations with regulators and industry participants in order to share knowledge and endeavour to assist in the creation of an appropriate and balanced regulatory framework.

The regulatory status of the various Group entities is described within the “Business Overview” section of this Prospectus.



BUSINESS OVERVIEW

CoinShares in Brief

The Group is focused on building innovative infrastructure, financial products and services for the digital asset class. The Group has offered digital asset exposure and undertaken digital asset trading activities since early 2013. The financial services provided by the Group comply with all applicable regulations and are structured to anticipate the requirements of institutional investors. Over the course of the past eight years, the Group has become one of the main participants in the digital asset industry, launched a range of products and funds referencing digital assets, and provided exposure to digital assets to a range of investors. It is the Group's belief that CoinShares has become a trusted participant in the industry, evidenced by its long-standing relationships with its various trading counterparties, service providers and clients.

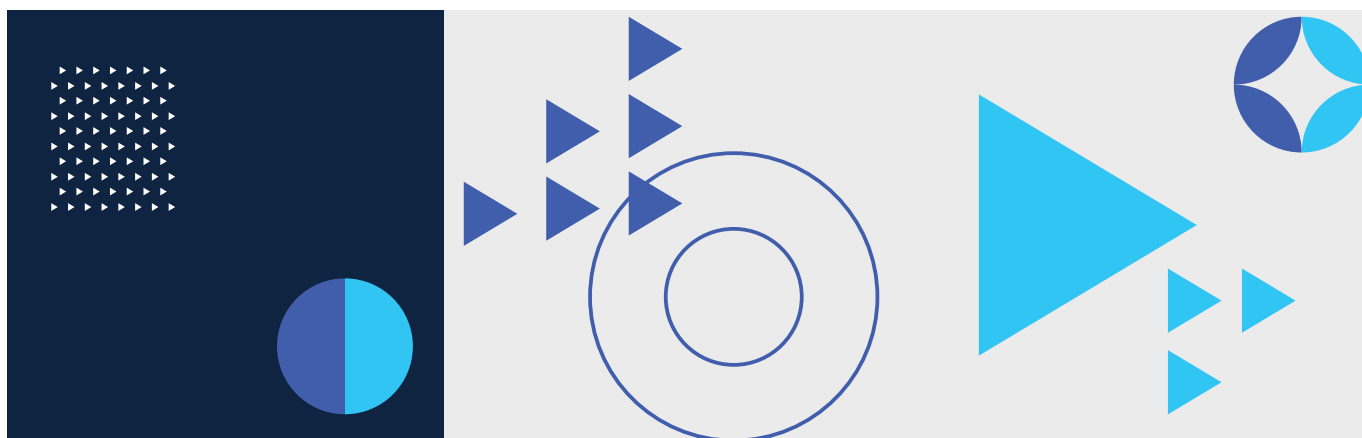
Mission

The Group's mission is to provide investors with a variety of options to facilitate investment in digital assets by lowering barriers to entry, while continuing to serve as a trusted partner to clients and stakeholders. As investors are looking to diversify their portfolios with digital assets to gain exposure to, and capture the potential upside associated with, this expanding new asset class, the Group seeks to meet this demand through the provision of products and services designed to help navigate digital asset investment opportunities.

The Group's key focus is offering exposure to both institutional and retail investors to the digital asset space through its existing

and prospective product suite. However, due to the diversified activities of the Group, the performance of the Group as a whole is not simply tied to the fluctuations of the digital assets to which the Group offers exposure.

It is the belief of the Board that in successfully supporting, and providing access to, the financial and technological innovation that digital assets allow, the Group is able to play an integral role in powering the future of digital finance. Additionally, in doing so, CoinShares' services act as a bridge between traditional and decentralised finance.



Business Operations & Strategy

Operations

The operations of the Group are split into two core business units, classified as CoinShares Passive and CoinShares Capital Markets. In addition to these two core business units, the Group also engages in a range of other initiatives associated with the digital asset industry, referred to collectively as Growth Initiatives. The commercial activities of the Group are in turn support by a range of functions, together referred to as Group Functions. The Group structure and the role of each of the Group Companies can be found in the “General Information about the Company” section of the Prospectus.

The two core business units and their business models are summarised below and described in further detail on the following pages, along with these additional initiatives and support functions.

CoinShares Passive

CoinShares Passive generates revenue for the Group through management fees on a range of ETPs, which are directly tied to the level of AUM held in respect of these products. As such, the business model of this unit is focused on building the AUM of the Group, while seeking to maintain a low and fixed cost base, resulting in increased fees having a direct impact on the total comprehensive income of the Group.

The team within CoinShares Passive has grown significantly in size and experience over recent years and the Group believes it is now well placed to execute this business model, further building revenues without seeing significant increases in the costs associated with this business unit. This will be achieved both by growth of the Existing Note Program, and also the launch of additional products, such as those issued by CoinShares Digital Securities Limited (“CSDS”) (the “New Note Program”).



CoinShares Passive

Business Model

- Issues publicly listed ETPs that track the performance of digital assets
- Generates revenue through management fees charged on ETPs in issue
- Aims to design and launch products to meet investor demand in the digital asset space
- Focus on disclosure and transparency around products in order to differentiate from competitors

Highlights

- Team of 12 dedicated individuals with a range of specialist experience
- Total of 9 products in issue traded on various segments of Nasdaq, Nordic Growth Market (“NGM”), Börse Stuttgart, Deutsche Börse and SIX Swiss Exchange (“SIX”)
- ETPs in issue under Group Company XBT Provider’s Existing Note Program represent AUM for the Group of **USD 4.56 billion** as at 19 February 2021
- Revenue generated in the nine months ended September 2020 of **GBP 11.3 million**

CoinShares Capital Markets

CoinShares Capital Markets is responsible for all activities relating to the digital assets held by the Group. As such, its activities are complementary to those of CoinShares Passive, as it provides liquidity for the CoinShares Passive ETPs and also the execution of all hedging activities for the Existing Note Program. The business model of CoinShares Capital Markets is focused on generating gains for the Group through a range of activities that it is able to undertake, in part, due to the quantum of digital assets held by the Group. This business model primarily encompasses fixed income activities, liquidity provision and a range of statistical arbitrage strategies that assume no directional risk. These activities generate gains for the Group in the form of both interest income (on the fixed income activities) and also fair value gains on digital assets. As with CoinShares Passive, the aim is to increase these gains while maintaining a modest level of cost, improving the overall performance of the Group. Significant work has been undertaken by the Group to build a robust and secure control environment which is integral to mitigate the inherent risks associated with these trading activities. This control environment is able to function due to both in-house developed systems and also the experienced team in place to support the business unit. The Group believes CoinShares Capital Markets to be well placed to continue generating gains for the Group while maintaining the hedge position for all existing (and future) CoinShares Passive Products. The diversity of the activities undertaken by CoinShares Capital Markets is designed to allow for the generation of gains in both times of market volatility and stability.



CoinShares Capital Markets

Business Model

- Acts as liquidity provider in respect of ETPs in issue under the Existing Note Program and undertakes hedging activities in respect of the Existing Note Program
- Proprietary trading and statistical arbitrage strategies covering fixed income, derivatives and spot markets
- Offers a range of over the counter (“OTC”) trading services to existing and prospective clients
- Undertakes fixed income activities in order to generate yield from the balance sheet assets of the Group

Highlights

- Team of 8 dedicated individuals with a range of specialist experience
- Has maintained the hedge position of the Group’s ETP programs issued by CoinShares Passive consistently since inception
- Comprehensive control environment encompassing trading and execution infrastructure designed and built in-house
- Custody solutions through a Joint Venture (“JV”) with Nomura and Ledger called Komainu, a JFSC regulated digital asset custodian and depositary³³
- Partner to one of the biggest US IRA platforms, executing market orders on its behalf using best execution principles
- Total trading volumes in the year to December 2020 in excess of **USD 7.5 billion**
- Trading gains impacting total comprehensive income of the Group generated in the nine months ended 30 September 2020 of **GBP 11.1 million**

Growth Initiatives

The various Growth Initiatives of the Group (which are described in detail within “Business Overview – Growth Initiatives”) comprise a variety of activities at varying stages of development. While these do not presently generate significant gains for the Group, they are seen as an important part of the Group’s wider strategy to remain active in all parts of the digital asset space to capitalise on future trends and developments within the industry.



Growth Initiatives

Highlights

- Active strategies providing exposure to various parts of the digital asset ecosystem
- Managed funds with a focus on various digital asset and blockchain investments
- Broker/Dealer activities through US subsidiary CoinShares Capital LLC
- Gold Token SA (“GTSA”), issuer of a gold-backed stablecoin, (“DGLD”)³⁴
- CoinShares Gold and Cryptoassets Index (“CGCI”), in conjunction with Imperial College London³⁵

Group Functions

The business operations of the Group as a whole are supported by a Group Functions team comprising Finance, Legal, Compliance, Company Secretarial, IT, and Human Resources. The majority of the support staff (which together total 16 individuals) who serve all business units of the Group are based in Jersey, where the Group is headquartered, with the remainder based in London.

³³ <https://www.jerseyfsc.org/industry/regulated-entities/entity/87404>.

³⁴ <https://dglld.ch/>.

³⁵ Compass Financial Technologies - Diversified Exposure to the Alternative Asset Space.



CoinShares Passive

CoinShares Passive has offered passive digital asset management services to mainly European based investors since the acquisition of XBT Provider AB (publ) in June 2016. In addition to the ETPs issued by XBT Provider (the “Existing Note Program”), the Company also recently launched (on 19 January 2021) a number of ETPs through its subsidiary CSDS (the “New Note Program”) in order to further expand the Group’s client base. The goal of CoinShares Passive is to grow overall AUM and further establish the Group’s position as Europe’s largest digital asset manager.³⁶

While each of these programs is unique and contain a number of products, both are designed to offer the investor exposure to the underlying digital assets that the ETPs represent.

Existing Note Program

XBT Provider provides accessibility for clients to easily invest in digital assets by offering ETPs that synthetically track the performance of a specific digital asset, less a fee. Two ETPs, a “Tracker One” and a “Tracker Euro” variety, provide exposure to each of the digital assets Bitcoin, Ethereum, Litecoin, and XRP. While the Tracker One products are denominated in SEK,

resulting in foreign exchange exposure between USD and SEK, the Tracker Euro products are denominated in Euro, providing a foreign exchange exposure between USD and Euro. Since the underlying assets are purchased in physical form or in the form of derivatives by a subsidiary of the Company, the ETP certificates are hedged and structured to follow the price fluctuations of the underlying assets.

The ETPs are available for European traders on various segments of Nasdaq, NGM, Börse Stuttgart, and Deutsche Börse.

The Group generates revenue in the form of a management fee (2.5% per annum, calculated on a daily basis) on the total quantum of AUM held under the existing note program.

Please note that the ETPs issued under the Existing Note Program are done so under the European Prospectus Directive and as such a base prospectus in respect of these products is updated on at least an annual basis and made available on the Company’s website at <https://coinshares.com/etps/xbt-provider/investor-resources>.

ETPs issued under the Existing Note Program

The ETPs issued under the Existing Note Program are as follows:

Name	Trading Currency	Underlying Asset	ISIN	Primary Exchange	Inception Date
Bitcoin Tracker One	SEK	Bitcoin (BTC/USD)	SE0007126024	Nasdaq Stockholm	18/05/2015
Bitcoin Tracker Euro	EUR	Bitcoin (BTC/USD)	SE0007525332	Nasdaq Stockholm	09/10/2015
Ether Tracker One	SEK	Ether (ETH/USD)	SE0010296574	Nasdaq Stockholm	09/10/2017
Ether Tracker Euro	EUR	Ether (ETH/USD)	SE0010296582	Nasdaq Stockholm	09/10/2017
Litecoin Tracker One	SEK	Litecoin (LTC/USD)	SE0011414465	NGM	22/03/2019
Litecoin Tracker Euro	EUR	Litecoin (LTC/USD)	SE0011414457	NGM	22/03/2019
XRP Tracker One	SEK	XRP (XRP/USD)	SE0011414481	NGM	05/04/2019
XRP Tracker Euro	EUR	XRP (XRP/USD)	SE0011414473	NGM	05/04/2019

³⁶ Finbold - Europe’s largest digital asset manager passes \$1 billion in assets. Article published on 20 August 2020.

The ETPs referencing both Bitcoin and Ethereum are open-ended, having no allocated expiry date.

The ETPs referencing Litecoin and XRP expire on 31 March 2021 and 9 April 2021 respectively. The ETPs referencing Litecoin and XRP represent less than 1% of the total AUM in relation to the Existing Note Program.

The approved base prospectus also covers the potential issuance of certain other ETPs referencing the following digital assets:

- Bitcoin Cash Tracker Certificates;
- Ethereum Classic Tracker Certificates;
- Neo Tracker Certificates; and
- Basket Certificates.

To date XBT has not launched any products other than those disclosed in the table on the previous page, at present, has no plans to issue any further ETPs under the Existing Note Program.

Existing Note Program AUM split by digital asset

As at the 31 December 2020, the level of AUM in respect of the Existing Note Program totaled USD 2.37 billion, split across the digital assets referenced by the ETPs, and hedged accordingly by Group held assets as disclosed in the table below:

Since 31 December 2020, the level of AUM has risen to **USD 4.56 billion** as at 19 February 2021, with the split consistent with that seen as at year end 2020.

Digital asset	AUM (USD)	Portion of total AUM (%)	Hedge Position (USD)	Hedge ratio (%)
BTC	1,890,147,218	79.6%	1,949,368,658	103.1%
ETH	475,378,454	20.0%	494,527,648	104.0%
LTC	4,381,251	0.2%	4,501,961	102.8%
XRP	4,054,942	0.2%	4,326,135	106.7%
Total	2,373,961,865	100.0%	2,452,724,402	103.3%

As can be seen from the above table, almost all of the AUM held by the Group relates to BTC and ETH (99.6% combined).

Hedging Activities

ETPs represent issued liabilities/obligations that are linked to, or reference the performance of, an underlying asset. Issuers traditionally look to hedge those liabilities/obligations by replicating the exposure by one of two methods:

- **In specie or physical replication** – whereby the issuer purchases the underlying physical asset and holds them directly; or
- **Synthetic or swap-backed replication** – whereby the issuer enters into an agreement or contract with a third party, which agrees to pay the exposure created by the ETPs.

The Existing Note Program utilises synthetic replication, with the relevant party being CSCM, a Group Company which is responsible for the execution of CoinShares' trading activities. The relationship is governed by the terms of a Collateral Management Agreement (the "CMA"). The CMA dictates that CSCM is required to prudently manage the exposure created by the ETPs by acquiring eligible collateral, being:

- Physical digital assets, being those to which the ETPs relate, or 1:1 ETPs (excluding those issued by XBT itself);
- Futures, options and derivatives referencing digital assets; and
- Cash.

While CSCM runs a dynamic trading book in order to execute its various activities, the CMA dictates that it operates within the following parameters:

- At least 75% of the hedge must be held in the relevant physical digital assets to which the ETPs relate; and
- No more than 25% of the remaining exposure may be held in futures, options derivatives or cash (provided the cash element remains no more than 5% of the total hedge amount).

CSCM has always, since entering into the CMA in its current or previous versions, operated within the parameters agreed upon, even throughout periods of significant market volatility. For further information regarding the Company's CMA and other material agreements refer to section "Shareholder, legal and other information - Material agreements".

Management Fee

Revenue is generated by the Group by means of a management fee charged to the noteholders, calculated as 2.5% of the underlying level of AUM. Due to the way in which the Existing Note Program is structured, the management fee generated by the Existing Note Program is recognised as revenue for the Group on an ongoing basis. However, while the obligation payable to the noteholder reduces accordingly by the cumulative quantum of the management fee, the exposure the

ETPs are required to provide remains constant. The impact of this is that the Group is unable to convert the management fee from digital assets into cash until such a time that the notes are redeemed.

Therefore, the Group holds a significant level of digital assets over and above the obligation arising from the ETPs. This amount will continue to grow until such a time that all the notes issued under the Existing Note Program are redeemed, or the Group elects to enforce such redemption in accordance with the terms of the Existing Note Program. This exposure is fully hedged and is therefore not impacted by fluctuations in the price of the underlying digital assets. As at 31 December 2020, the quantum of this management fee totals USD 59.7 million. This amount will ultimately be converted into cash upon redemption of the Existing Note Program ETPs.

The impact this has on the working capital position of the Group has been included as a risk factor in the “Risk Factor” section of the Prospectus.

Daily Hedge Position

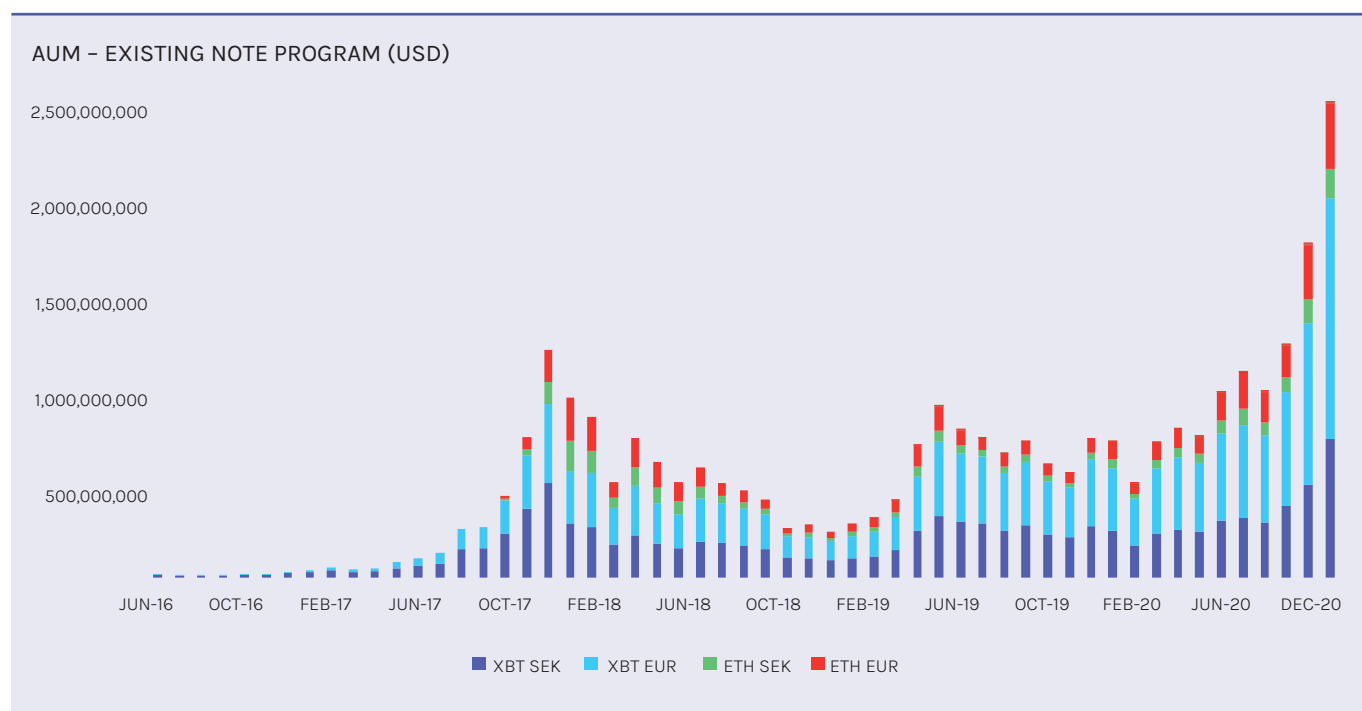
The quantum and composition of both the obligation arising from the ETPs and the assets being used to hedge this obligation (the “Daily Hedge Position”) is published on the XBT website

on a daily basis. Furthermore, in order to provide additional transparency over the digital assets held in respect of the ETPs, the Group engaged, on 27 May 2020, Armanino LLP (an audit, accounting and business consulting firm) (“Armanino”) to independently perform agreed-upon procedures under the American Institute of Certified Public Accountants (“AICPA”) Attestation Standards. Armanino was selected to perform this role due to the fact it has a specialised blockchain practice.

The procedures undertaken by Armanino are performed at intervals of 30 minutes, with the results available for download immediately from Armanino’s Trust Explorer website.³⁷ This live attest solution is designed to provide the Group’s stakeholders with an additional level of comfort and transparency around the digital asset hedge position of the Group and the Group’s ability to meet the liability arising from the Existing Note Program.

Historical Performance & AUM

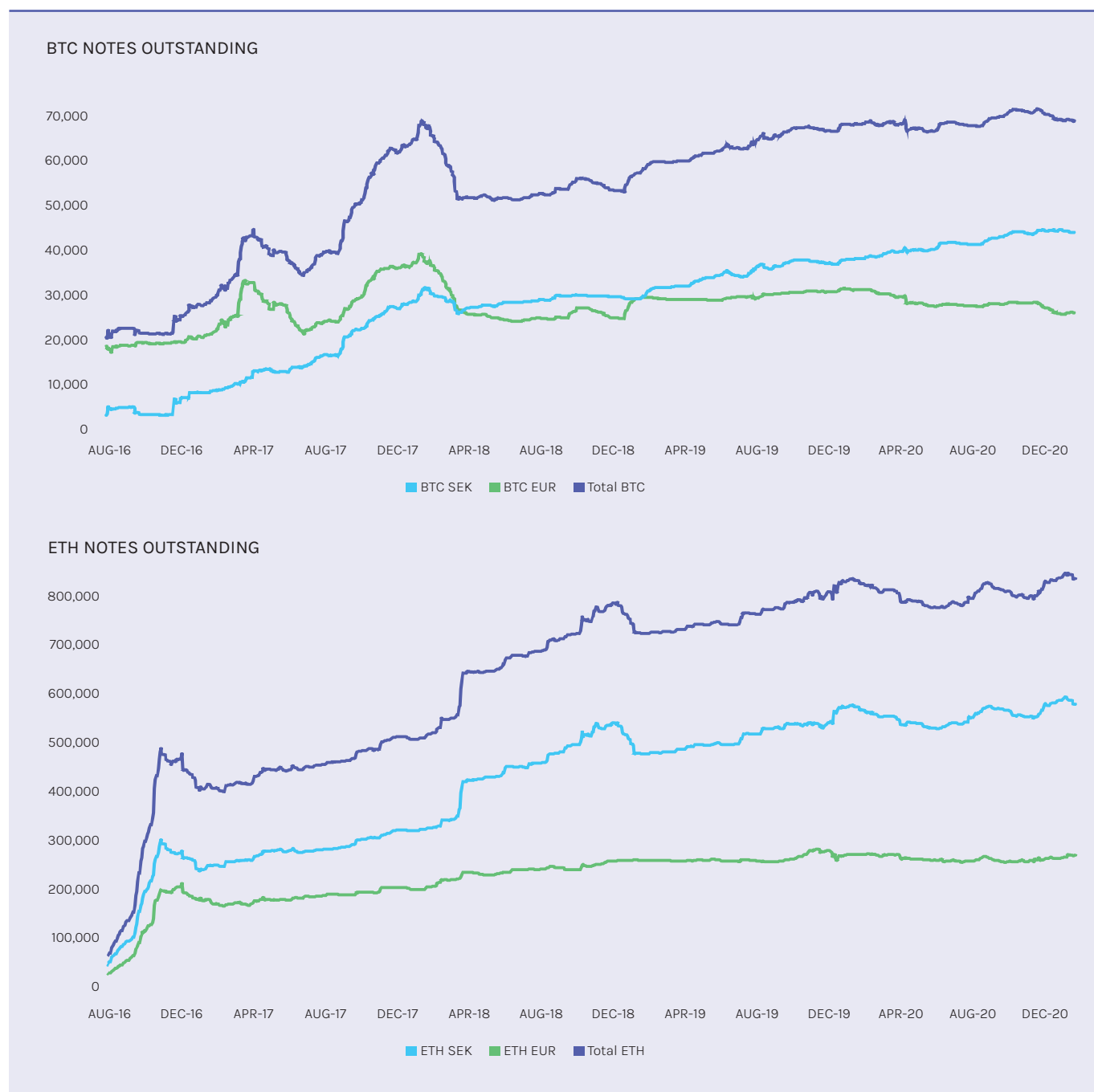
The level of total AUM is driven by both the number of ETPs in issue and also the underlying value of the ETPs, which is tied to the performance of the assets that they reference. The total level of AUM since June 2016 in respect of the Existing Note Program is illustrated in the graph below.



³⁷ <https://real-time-attest.trustexplorer.io/coinshares>

In December 2020, the level of AUM reached in excess of USD 2.37 billion, being the highest level held by the Group as at that date. This figure has further increased to **USD 4.56 billion** as at 19 February 2021.

The fluctuating level of AUM seen historically provides a clear indication as to the volatility of the assets represented by the ETPs, as it can be seen from looking at the number of Bitcoin and Ethereum notes outstanding over the same period, that these have shown a consistent and steady level of growth.



New Note Program

In addition to the Existing Note Program which accounts for the vast majority of the Group's AUM, a New Note Program was launched on 19 January 2021. ETPs under the New Note Program are issued by CSDS, a wholly owned subsidiary of the Group, based in Jersey.

Please note that a base prospectus in respect of the ETPs issued under the New Note Program, updated on an annual basis, is made available on the Company's website at <https://coinshares.com/etps/physical/bitcoin#bitcoin-etp>.

Name	Trading Currency	Underlying Asset	ISIN	Exchange	Inception Date
CoinShares Physical Bitcoin	USD	Bitcoin	GB00BLD4ZL17	SIX	19 January 2021
CoinShares Physical Bitcoin	EUR	Bitcoin	GB00BLD4ZL17	SIX	19 January 2021
CoinShares Physical Bitcoin	GBP	Bitcoin	GB00BLD4ZL17	SIX	19 January 2021
CoinShares Physical Bitcoin	CHF	Bitcoin	GB00BLD4ZL17	SIX	19 January 2021

In the near future, the Group intends to launch additional products under the New Note Program.

Management Fee

A management fee of 0.98% is generated on the underlying AUM of the New Note Program. This fee is significantly lower than that of the Existing Noted Program due, in part, to the evolution in the competitive landscape that has been seen over recent years.

Due to the way in which these ETPs are structured, the management fee is realisable both in revenue and cash terms on an ongoing basis. In the event that holders under the Existing Note Program elect to migrate to the New Note Program, this will result in an inflow of cash to the Group from the management fee on the Existing Note Program, as redemptions of notes issued by XBT Provider allow for the cash realisation of the management fee that has accrued over time, as described above.

ETPs issued under the New Note Program

As at the date of the Prospectus, there is one product issued under the New Note Program (available in multiple trading currencies), as follows:

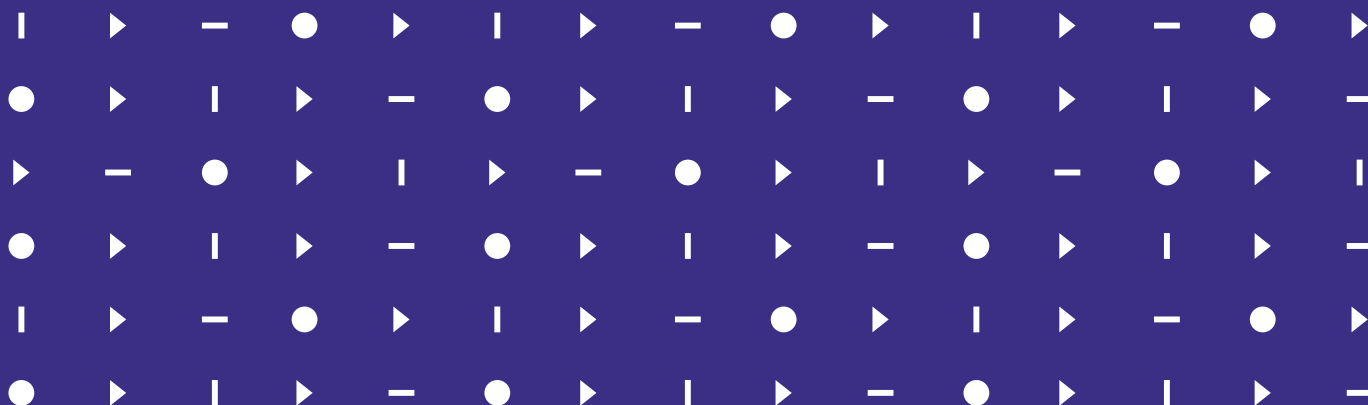
Hedging Activities

As described in respect of the Existing Note Program, issuers traditionally look to hedge liabilities/obligations arising from the issuance of ETPs by replicating the exposure by one of two methods. While the Existing Note Program hedges its obligation using synthetic or swap-backed replication, the New Note Program utilises physical replication, and only issues notes upon receipt of physical digital assets. Therefore, the notes issued under the New Note Program are 100% physically hedged at all times.

One of the key differences between the Existing Note Program and New Note Program is therefore the fact that the Group does not undertake any hedging activities in respect of the New Note Program. All of the ETPs issued by CSDS are physically backed on a one-for-one basis, with the assets held by a JFSC regulated custodian (Komainu).

Historical Performance & AUM

As the New Note Program was launched on 19 January 2021, there is not yet any historical track record on which analysis can be performed. As at 16 February 2021, AUM represented by the Group's New Note Program amounted to a total of USD 310 million.



CoinShares Capital Markets

Overview

The CoinShares Capital Markets business unit predominantly consists of the activities undertaken by CSCM, supported by the electronic execution team sitting within CoinShares Capital Markets (UK) Limited (“CSCMUK”). The Capital Markets activities are funded by the balance sheet of the Group, with the majority of free cash flow diverted towards the activities of this business unit in order to strengthen the trading capabilities of the team and generate revenue for the Group.

CoinShares Capital Markets started to support the liquidity and the synthetic hedge of the Group’s ETPs in 2016, as the existing market makers were not yet able to provide the required services. This support has enabled continual trading in XBT Provider’s ETPs since the acquisition in June 2016, even during periods of extreme volatility such as throughout March 2020.

Under the terms of the CMA in place between CSCM and XBT Provider (as described in the “Shareholder, Legal and Other Information - Material Agreements” section), a certain portion of the assets used to hedge the obligation arising on the Existing Note Program can be used to optimise book positioning and liquidity provision. This in turn can provide the CoinShares Capital Markets business unit with further trading capabilities within the terms of the Group’s hedging requirements, allowing for a suite of market neutral activities:

- for all short synthetic positions held, the Group holds physical digital assets equivalent to the quantity of the position;
- for all long synthetic positions held, the Group holds cash equivalent to the quantity of the position.

Therefore, the Group always seeks to remain non-directionally exposed to price movement in respect of all synthetic positions held.

CoinShares Capital Markets has historically been successful in the exploitation of pricing inefficiencies and market dislocation. The activities are executed across a wide range of venues and counterparties, including traditional market venues, proprietary trading firms, and digital asset market venues.

Trading Activities

The key activities undertaken by the CoinShares Capital Markets business unit are as follows:

Liquidity Provision

The key function of CoinShares Capital Markets is to act as the liquidity provider in respect of the Existing Note Program. In order to execute this function, CoinShares Capital Markets is required to:

- Provide continual quoting in the market, thereby acting as a benchmark for the fair value of the ETPs;
- Quote in the top five bids/asks to ensure there remains sufficient liquidity in the order book; and
- Always ensure investors are able to buy/sell the ETPs in appropriate volumes.

The provision of these services provides opportunities for revenue generation. In providing liquidity for the Existing Note Program, the trading team is able to take advantage of market spreads that arise, particularly at times when buy and sell demand is not balanced.

Fixed Income

Despite having grown significantly year on year since 2016, the digital asset fixed income market still remains in its infancy. At this stage, although there are only a limited number of creditworthy participants, the landscape is continually evolving, bringing with it an increasing number of reputable participants.

The volatility of digital assets has forced lenders and borrowers to function on an over-collateralised basis. This will, in the Group’s opinion, remain the case until better credit risk instruments are developed to measure counterparty risk particular to the digital asset industry. A key challenge for digital assets with regards to the fixed income market is therefore to build the equivalent of a credit curve, supported by a range of market participants, leading to better pricing. The entry of traditional market-makers and bank structuring desks into the market should aid in the construction of this credit curve over the coming years, helping the fixed income market to mature.

CoinShares Capital Markets undertakes digital asset fixed income activities seeking to generate yield on the balance sheet assets of the Group. All of the Group's fixed income counterparties are subject to rigorous due diligence developed in line with relevant legislation and are selected upon their reputation and longevity. CoinShares only enters into agreements where appropriate levels of collateral are posted with CSCM and are either a) highly liquid and readily convertible to cash or b) holds a value that is less likely to be subject to a material exogenous shock (for example, a gold-backed token).

Collateral posted to CoinShares is held with an appointed custodian (and JV of the Group), Komainu (Jersey) Limited which is regulated by the JFSC. Komainu (Jersey) Limited holds these assets on behalf of CoinShares utilising technology and a suite of processes developed in partnership with cyber-security specialist Ledger and investment bank Nomura.

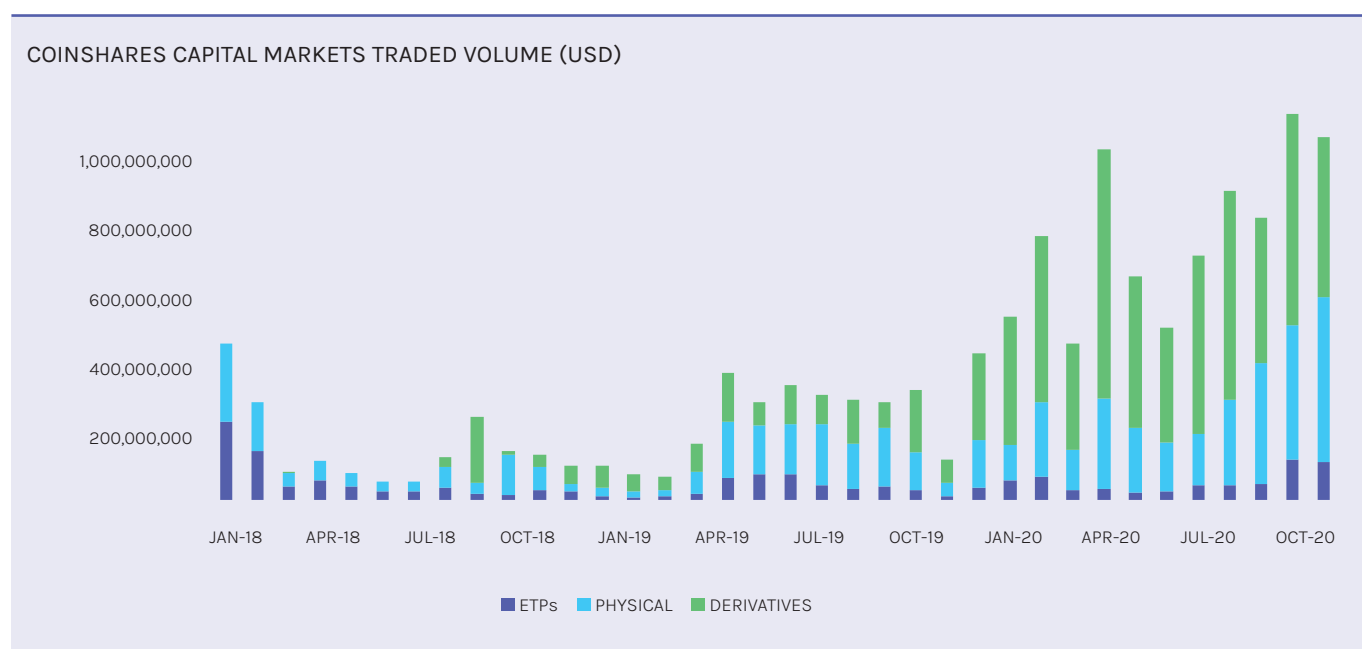
Proprietary Trading

Statistical arbitrage strategies implemented by CoinShares Capital Markets involve simultaneously taking equal long and short positions exploiting inefficiencies in the market whilst remaining delta neutral (as described above in the CoinShares Capital Markets – Overview section). This can be done solely on spot exchanges and derivative exchanges or a combination of both. Once the spread has converged, or a derivative contract has expired, the trade is terminated.

Additionally, the CoinShares Capital Markets business unit also helps institutional counterparties meet their unique liquidity needs through a full suite of trading, including OTC liquidity provisioning, risk management and hedging services for digital asset investing.

Historical Trading Volumes

The historical trading volumes of the trading team are disclosed below:



- Trading in respect of the ETPs represents the total USD volume of creations and redemptions of notes issued under the Existing Note Program.
- Physical trading represents the acquisition and disposal of digital assets in respect of both the hedging activities and the wider activities of the trading team.
- Derivative trading represents the opening and closing of future positions in order to undertake the statistical arbitrage activities of the trading team

Total Trading Volumes per Annum

- Year to 31 December 2018: USD 1.556 billion
- Year to 31 December 2019: USD 2.277 billion
- Year to 31 December 2020: USD 7.577 billion

Komainu Holdings Limited

Also forming part of the CoinShares Capital Markets business unit is Komainu Holdings Limited, the parent company of the Komainu Group (together "Komainu"), in which CoinShares holds a 14.3% stake. The JV partners sitting alongside CoinShares are Nomura, a Japanese investment bank, and Ledger, a digital asset security specialist.

Founded in 2019, Komainu includes Komainu (Jersey) Limited ("Komainu Jersey"), a digital asset custodian and depository business regulated under the financial services (Jersey) law 1998 ("FSJL"). Komainu Jersey has been built to meet the requirements of institutional investors, safe-keeping and insuring stewardship of a range of digital assets, while ensuring provisions around anti-money laundering can be met in accordance with its own internal risk framework.

The custody service is fully tailored and operated by a dedicated team of industry experts, with robust cyber defence, know-your-customer and anti-money laundering compliance checks. In addition, Komainu offers several client utility services such as tailored metrics and analytics, customisable account governance, and segregated asset wallets.

Komainu has obtained the UK's National Cyber Security Centre's Cyber Essentials Plus certification, an information assurance scheme focused on the adoption and implementation of good practice in information security which is independently audited and forms an integral part of Komainu's information risk management systems, controls and procedures. In addition to this, Komainu has also obtained ISO27001 certification (international standard for information security management), evidencing adherence to a "best-practice" approach to the management of information security by addressing people and processes as well as technology.

While the offering that Komainu has built was initially designed with an institutional focus, it is also now utilised by law enforcement agencies to assist with secure custody of digital assets seized as part of ongoing investigations.³⁸

Komainu generates revenue from the provision of its custodial services by charging a fee on the quantum of assets held under custody on behalf of its client base.

Komainu's custody service is utilised by the Group, with the vast majority of CoinShares' physical digital assets being held there.

As a JV partner, CoinShares does not generate revenue directly from Komainu. It is the Board's belief that Komainu holds strategic value for the Group since Komainu's services are complementary to the activities of the Group, enabling custody of digital assets in a professional manner, and differentiate the Group's ETPs in relation to competitors.



³⁸ <https://www.prnewswire.co.uk/news-releases/komainu-to-support-uk-law-enforcement-in-the-fight-against-crime-involving-digital-assets-803987511.html>



Growth Initiatives

In addition to the two core business units of the Group described above, the Group undertakes a number of additional initiatives. These are collectively referred to as Growth Initiatives, and are at varying stages of development, as described below.

The Growth Initiatives comprise the following:

- CoinShares Active;
- CoinShares Advisory;
- Gold Token SA (“GTSA”); and
- CoinShares Gold & Cryptoassets Index (“CGCI”).

CoinShares Active

Building a brand in the active management space takes time. Typically, institutional investors require several years of track record and relatively significant assets under management before they will consider a new manager / strategy. In the venture space, CoinShares has historically been viewed by some market players as a “corporate venture” due to its early participation in the digital assets / blockchain space, rather than a standalone venture manager. The CoinShares Active Growth Initiative aims to therefore establish itself as a specialist venture capital manager in the digital assets / blockchain ecosystem. Furthermore, the Board and Executive Management see synergies between the Group’s other business units and this activity.

CoinShares’ first fund was the world’s first investment fund to raise capital in a digital asset, Ethereum. It was launched in June 2017, became inactive in December 2019, and returned 70.4% in Ethereum terms over its 30-month life.

The current activities of CoinShares Active predominantly relate to CoinShares’ second fund (“CoinShares Strategic Opportunities Fund”).

CoinShares Strategic Opportunities Fund

The CoinShares Strategic Opportunities Fund was launched in August 2019. It is a venture capital fund focused on investments in seed-stage companies in the digital asset space. The fund has invested in eleven seed-stage companies spread across three continents to date, deploying a total of approximately USD 2.6 million.

CoinShares Active – Next steps

CoinShares Active will continue providing support to the CoinShares Strategic Opportunities Fund. This includes potential follow-on investment into the existing portfolio and the identification of further investment opportunities.

CoinShares Active is also now in the early stages of launching an additional venture capital fund domiciled in the United States, through the Group entity CoinShares General Partner Limited. The viability of this further fund will be assessed as this process develops. Sufficient funds must first be raised externally to ensure the fund is of appropriate size to be commercially viable for the Group.

CoinShares Advisory

CoinShares Advisory is the focus of Group Company CoinShares Capital LLC (“CoinShares Capital”), a US broker-dealer under regulatory oversight from the Financial Industry Regulation Authority (“FINRA”) in the US. Its aim is to provide advisory services to early stage digital asset / blockchain companies in the US, and to capitalise on opportunities within the private placements market.

CoinShares Advisory – Next steps

Through its broker dealer license (held since 6 September 2019³⁹), CoinShares Capital is able to provide private placement services to assist companies in sales to qualified investors. As a placement agent, CoinShares Capital aims

39 BrokerCheck - Brokerage Firm Regulated by FINRA (New York district office).

to assist issuers of securities, including private funds, in preparing and distributing offering documents in exchange for compensation. CoinShares Advisory may pursue other activities as opportunities arise within the scope of its broker-dealer license from FINRA.

Certain of the Net Proceeds will be utilised to help develop this Growth Initiative, ensuring it has sufficient resources to achieve its aims as set out above.

Gold Token SA (“GTSA”)

GTSA, a JV in which CoinShares holds a 50% stake, is a hard-asset tokenisation platform and stablecoin issuer that was established in Switzerland in 2018 by the Group and MKS (Switzerland) SA, part of the MKS PAMP Group (“MKS”). GTSA contributes to the CoinShares strategic initiative of creating and providing innovative digital asset products with an asset management focus.

On October 15 2019, GTSA launched one of the first gold-backed stablecoins⁴⁰, DGLD, which provides holders with 100% ownership in allocated physical gold, while unlocking the benefits of digitisation in a regulatory compliant, and technologically scalable manner.

DGLD is the first product launched by GTSA and is fully compliant with Swiss regulation, classified as a payment token. It is targeted at both the digital asset market and the gold market to provide investors with a better format to invest and use gold in a digital world. GTSA generates revenue through charging a management fee, equating to 1% per annum, on the amount of tokenised assets in the hands of investors. Any future profits generated by GTSA are due in turn to the JV partners, being CoinShares and MKS.

Growth of stablecoins in the digital asset ecosystem has been significant over the past few years. There has, however, been scepticism in some cases as to whether certain stablecoins were backed by assets. A token like GTSA’s DGLD removes all such questions and at the same time addresses some investors’ concerns as to the future threat of inflation.

GTSA – Next steps

As at 8 February 2021, the total assets under management held by GTSA stands at approximately USD 26.6 million, of which 3.3% is represented by Group-owned assets. GTSA is currently focused on finding ways to increase distribution and sales of DGLD in order to increase its level of assets under management.

In November 2020, Blockchain.com⁴¹, home to over 63 million digital wallet users, listed an ERC-20 token version of DGLD’s stablecoin making it available for trading to their userbase. GTSA is now pursuing listing DGLD on multiple digital asset exchanges to provide trading and holding access to a wider network of investors. GTSA is also investigating solutions to bring DGLD onto multiple blockchain networks and supporting on-chain asset management strategies. Additionally, in the medium to long term, GTSA intends to explore launching more hard asset stablecoins which can be commercialised and brought to market in the same ways as described above for DGLD.

Depending on the performance of GTSA in the short to medium term, further funding may be required in order to support this JV as it seeks to become profitable. As such, part of the Net Funds from the Offering may be allocated to further support this Growth Initiative.

To date, the Group has invested GBP 452,200 into GTSA in the form of equity, incurred recoverable expenses of GBP 755,307 relating to its establishment and ongoing support, and provided a loan of GBP 76,280.

CoinShares Gold & Cryptoassets Index (“CGCI”)

Recognising the lack of risk-managed digital asset products underpinned by robust research, the Group entered into a 3-year collaborative research agreement with Imperial College London in 2018, expiring in September 2021. CoinShares owns the results and intellectual property arising from the research conducted both now and following expiration of the research agreement.

The goal of the relationship was to conduct research on digital asset indices to ultimately create an index that:

- leverages the return benefits of digital assets while minimising the downside risk;
- has robust and sophisticated research that matches top traditional indices; and
- can be commercialised by the Group.

In 2020, the Group successfully launched the CGCI, one of the first EU Benchmark Regulations (“EU BMR”) compliant indices for the digital asset industry, and the first ever that combines digital assets and gold.⁴²

The CGCI is a novel index designed to have moderate operating costs and provide risk-managed exposure to digital assets. The unique construction of the index leverages the characteristics of two asset classes – the high volatility of digital assets, the low volatility of gold, and the lack of correlation between the two.

It is the Group’s belief that a hybrid product bringing together “analogue” gold with its modern counterparts will be an attractive investment opportunity for those institutions lacking the risk appetite for exposure to a product referencing solely digital assets.

CGCI – Next steps

It is the Group’s intention to explore the potential listing of a variety of investment products linked to the CGCI as the Group believes that:

- an innovative financial product of this nature is an enhancement to CoinShares’ existing offerings;
- the CGCI index has a strong investment proposition amongst private wealth and multi-asset funds across Europe; and
- the index provides a risk targeted approach, and provides an easier path to digital asset investment for those still unsure about the asset class.

⁴⁰ MKS PAMP press release – 15 October 2019

⁴¹ <https://medium.com/blockchain/wrapped-dgld-brings-swiss-vault-held-gold-to-ethereum-2a4a8cae81b1>

⁴² Securities.io – A First: Cryptoassets and Gold in EU Benchmark Compliant Index. Artikel publicerad 3 september 2020.

The Group intends to offer the index in the form of a physically backed ETP on which a management fee will be charged. It is the intention to utilise CSDS for the issuance of such a product and, once launched, the ETP will form part of the CoinShares Passive suite of products. The launch of such a product forms part of the Group's short to medium term strategy and will likely utilise a portion of the Net Funds from the Offering,

ensuring appropriate resource is dedicated to its development, commensurate with what is required to launch a listed product.

The Group will also look to explore the development of further indices in the future designed to meet investor demand and suitable for commercialisation.



Group Strategy

The Group's strategy is to grow all parts of the business and leverage the natural synergies that arise during the course of this growth; not only to further solidify CoinShares' position as Europe's largest digital asset manager⁴³, but also to extend its reach globally.

Specific strategic initiatives that have been identified by the Board that will drive this growth include:

Expand the Group's product offering	<p>Expand the suite of products, including ETPs, while listing its products on larger markets and major exchanges;</p> <p>Remain at the forefront of the digital asset space, understand investor appetite, competitor offerings, regulatory changes and legal restrictions.</p>
Enhance the trading capacity and strategies of the Capital Markets team	<p>Utilise the free cash flow within the Group to further enhance the capabilities of the trading team to take advantage of revenue generative opportunities within the market;</p> <p>Focus resources on the design and implementation of new trading strategies.</p>
Distribution of existing and future products	<p>Execution of the Group's distribution plan for the Group's Existing and New Note Programs which uses a highly focused and detailed methodology;</p> <p>Ongoing support to the sales and distribution team as the product suite expands.</p>
Integrate new technologies and solutions within the industry	<p>Focus on the integration of new technologies to maintain its position at the forefront of the digital asset industry;</p> <p>Experiment with new financial products/solutions in order to create more sophisticated trading strategies.</p>
Invest in infrastructure and internal control processes	<p>Continue investing in both financial capital and human capital to build and secure the underlying operational infrastructure of the Group;</p> <p>Ensure risks arising from continued growth of the Group and its operations are mitigated sufficiently through robust internal control processes.</p>
Extend geographic reach and grow brand awareness	<p>With an established and viable business model, the Group is positioned to extend its creation and distribution model into new markets in new geographical regions;</p> <p>Grow brand awareness through defined marketing initiatives in order to bolster interest in the Group and its products.</p>

⁴³ Finbold - Europe's largest digital asset manager passes \$1 billion in assets. Article published on 20 August 2020.

Control Environment

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

The control environment is focused on the areas described below:

Risk Management and Counterparty Monitoring

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

This is further enhanced by a daily reconciliation and examination of the composition of digital assets to ensure the activities of the Group remain in accordance with the terms of the CMA between CSCM and XBT Provider.

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

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

Cyber-Security

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

The Group's latest annual independent cyber-security review described the Group's security profile as "very strong" and "highly secure". At the same time, the Group has also achieved both Cyber Essentials and Cyber Essentials Plus certification in 2020, demonstrating a practical level of security that aligns with UK government best practice. Furthermore, on 5 January 2021 the Group received ISO27001 certification (international standard for information security management), evidencing adherence to a "best-practice" approach to the management of information security by addressing people and processes as well as technology.

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

Regulatory and Compliance

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

The First Line of Defence – the client facing operations teams in each of the Group's jurisdictions;

The client facing operations teams are responsible for maintaining a strict control environment over day-to-day operational matters. The first line has a comprehensive control framework, managed and maintained by them; the framework spans both organisation wide controls and department specific controls.

The Second Line of Defence – the Group's Compliance and Risk team;

The Group's Compliance and Risk team has a number of key responsibilities, including but not limited to:

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

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

The Third Line of Defence – external financial audit and other specialist audit work;

The Group relies upon both the annual financial audit process in addition to more focused specialised external audit work, undertaken on particular parts of the business, for example, the work undertaken by Armanino (described below)

Information Dissemination and Transparency

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

The dissemination of information is not only a focus for the Group internally, but also externally to the Group's stakeholders, be they regulators, auditors, existing clients or prospective clients. As such, the Daily Hedge Position in respect of the assets held as part of the hedging activities is published on the XBT section of the CoinShares website, and subject on an ongoing basis to agreed-upon procedures undertaken by a third-party firm, Armanino. The results of Armanino's work are published at 30-minute intervals and available at <https://real-time-attest.trustexplorer.io/coinshares>. The work performed by Armanino is independent from the Group's internally generated reports on digital asset holdings (also at 30-minute intervals), thus providing an additional level of comfort and accompanying third party opinion.

General information about the Company

The Company

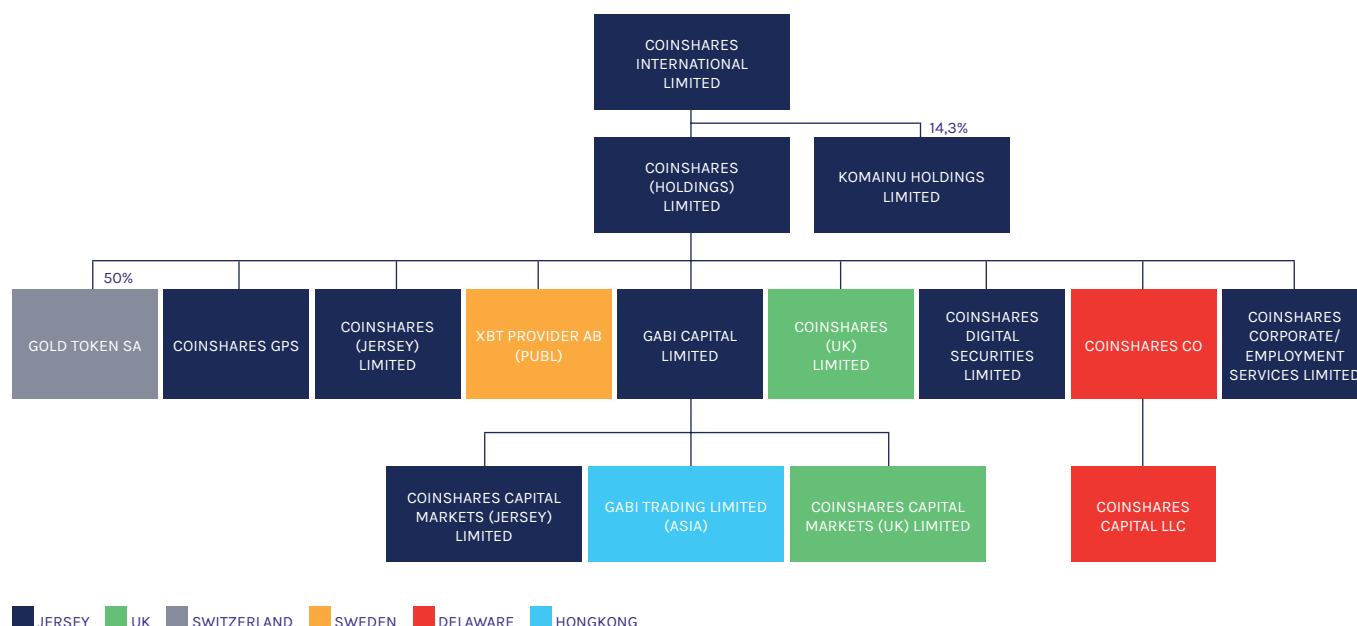
The Company's legal and commercial name is CoinShares International Limited, with corporate registration number 102185 and LEI code 5493000UFYN9P5VF9D79.

CoinShares is a public limited liability company incorporated in Jersey on 27 November 2008 and the Company's operations are governed according to Companies (Jersey) Law 1991. The Company is headquartered in Jersey with its registered address being 2 Hill Street, St Helier, Jersey, Channel Islands, JE2 4UA. The Company can be reached on

enquiries@coinshares.com and on +44 (0)1534 153 100. The Company's website is <http://coinshares.com>. Note that the information on the website is not included in the Prospectus unless the information has been incorporated into the Prospectus by reference. See the "Documents incorporated by reference" section.

Group structure

The Group's structure is illustrated below in full. Please note that all subsidiaries within the Group are wholly owned, with the exception of the two JV companies, the ownership of which are indicated accordingly.



Dependency conditions

The Company is dependent on all Group Companies (excluding GABI Trading Limited (Asia) which is currently dormant) as they perform specific activities, or are holding companies of Group Companies that perform specific activities, that

are important for the Group's overall operations. In addition, certain Group Companies are regulated and authorised by various authorities to perform certain operations in different jurisdictions, which means that the Company is dependent on the Group Companies to conduct its operations.

Group entities

CoinShares International Limited

Parent Company of the CoinShares Group. Incorporated in 2008 as Global Advisors (Holdings) Limited and renamed to CoinShares International Limited on 8 June 2020.

CoinShares (Holdings) Limited

Legacy parent company to the majority of the CoinShares Group activities.

GABI Capital Limited

Parent company of the CoinShares Capital Markets entities (UK and Jersey). Undertakes no activities.

CoinShares (Jersey) Limited

A Jersey entity licensed by the JFSC to conduct Fund Services Business and Investment Business.

The SFSA has, in the absence of a Swedish Regulated Investment Advisor, granted a derogation allowing CoinShares (Jersey) limited, an entity falling within the SFSA's definition of a regulated entity, to act as guarantor to XBT Provider and as such plays a key role in the CoinShares Passive business unit and the Group as a whole.

CoinShares (Jersey) Limited also incurs the staff costs for a significant portion of the Group's employees including the Group-wide Finance Function, IT Function, Company Secretarial Function, Compliance Function, CEO & other key PDMRs.

CoinShares Capital Markets (Jersey) Limited

CoinShares Capital Markets (Jersey) Limited performs the hedging activities in relation to the ETPs issued by XBT Provider (further details of which can be found in the “CoinShares Capital Markets” section), thus comprising a key role in the CoinShares Passive business unit.

Additionally, the entity is responsible for the execution and monitoring of the majority of activities that comprise the CoinShares Capital Markets business unit.

XBT Provider AB (publ)

XBT Provider is the issuer of the ETPs listed on Nasdaq/NGM (as covered in the “CoinShares Passive” section). The majority of the activities relating to the issuance of these notes (hedging, guarantee, collateral management) are delegated to Jersey based entities as covered within the Prospectus. While XBT incurs a small amount of issuer expenses, all the risk and reward related to the note issuance is transferred to Jersey under the terms of various intra-group agreements.

CoinShares Capital Markets (UK) Limited

CoinShares Capital Markets (UK) Limited provides support to the Jersey based trading team through the design and implementation of the Group's proprietary electronic trading infrastructure. This infrastructure supports both execution and monitoring of the hedge position and ETP issuance, through ongoing and automated communications with various counterparties and stakeholders related to the hedging of the ETPs within the CoinShares Passive business unit.

Additionally, the infrastructure developed by this entity plays an integral part of supporting the CoinShares Capital Markets business unit and its trading activities.

CoinShares (UK) Limited

CoinShares (UK) Limited houses the sales and distribution team for the Group. It is their role to promote the sale (subject to regulatory restrictions) of the ETPs issued by XBT provider, thereby driving the revenues of the CoinShares Passive business unit. This team is also responsible for the design and launch of new products for the CoinShares Passive business unit, such as those issued under the New Note Program.

Additionally, the entity houses a number of individuals that perform a variety of Group Functions, including the Group General Counsel and the Group Project Manager.

CoinShares Digital Securities Limited

CoinShares Digital Securities Limited is responsible for the issuance of the ETPs under the New Note Program.

CoinShares Co

CoinShares Co is primarily responsible for the CoinShares Active Growth Initiative. At present the majority of the activities comprise identifying investment opportunities for the CoinShares Strategic Opportunities Fund.

Further information on CoinShares Active is included in the “CoinShares Growth Initiatives” section.

CoinShares Capital LLC

Holds a broker dealer license (issued by FINRA). The activities of this entity are in their infancy.

CoinShares GPs

Within the Group there exists a Jersey based fund with an investment mandate focused on digital asset and blockchain technology companies at various stages of development.

Further details of this fund is included within the “Growth Initiatives” section of the Prospectus.

CoinShares Employment/Corporate Services

Within the Group there are two wholly owned entities that perform company secretarial and employment service functions, being CoinShares Corporate Services (Jersey) Limited and CoinShares Employment Services (Jersey) Limited, respectively.

Group Joint Ventures

Komainu Holdings Limited ("Komainu")

Komainu (in which the Group holds a 14.3% stake) includes Komainu Jersey, a JFSC regulated custodian of digital assets. Further information on Komainu is included within the "CoinShares Capital Markets" section.

Gold Token SA ("GTSA")

GTSA (in which the Group holds a 50% stake) is the issuer of DGLD, a stablecoin that provides digital proof of ownership of allocated gold, physically held in Switzerland. Further information on GTSA is included within the "Growth Initiatives" section.

Group dormant entities

GABI Trading Limited (Asia)

Dormant Hong Kong entity incorporated in 2017, to be utilised in the event the Group elects to expand its existing operations.

Regulated Status of Entities within the Group

Entity	Regulatory Body	Relevant Regulatory Status / Applicable Rules
CoinShares (Jersey) Limited	JFSC	Licensed by the JFSC to conduct AIF Services Business and certain Fund Services Business (Classes X and Z) under FSJL.
CoinShares (Jersey) Limited	JFSC	Licensed by the JFSC to conduct Investment Business (Classes A, B and C) under the FSJL.
CoinShares (Jersey) Limited	NFA	Registered with the National Futures Association as both a Commodity Pool Operator and a Commodity Trading Advisor in the US. The company does not currently have an active business that utilises these licences. NFA Firm ID: 0405699.
CoinShares Capital Markets (Jersey) Limited	JFSC	Registered with the JFSC as a Specified Schedule 2 Business and is supervised under the Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008.
XBT Provider AB	SFSA	The XBT Base Prospectus has been approved by the SFSA, as competent authority under Regulation (EU) 2017/1129 relating to admission to trading on regulated markets or, as the case may be, multilateral trading facilities ("MTFs"), in Finland, Germany, the Netherlands, Norway, Sweden, the United Kingdom or, subject to completion of relevant notification measures, any other Member State within the EEA. XBT is not a licensed financial advisor.
XBT Provider AB	NASDAQ	Rules of Nasdaq Nordic for Warrants and Certificates (10 February 2020).
CoinShares Capital Markets (UK) Limited	FCA	Appointed representative of Strata Global Ltd. which is authorised and regulated by the Financial Conduct Authority (FRN 563834).
CoinShares Capital LLC	FINRA	Regulated by FINRA (New York District Office) as a Brokerage Firm. FINRA Firm CRD number: 170506
CoinShares Capital LLC	SEC	Broker-dealer registered with the SEC. Reporting File Number: 008-69422

Employees

The Group has a total of 46 employees across the multiple jurisdictions within which it operates. Employees split by location are as follows:

Employees split by location

Location	Number of employees
Jersey	15
UK	24
US & Canada	5
Sweden	2
Total	46

Employees split by business unit

Business Unit	Number of employees
CoinShares Passive	12
CoinShares Capital Markets	8
CoinShares Growth Initiatives	6
Group Functions	16
Board	4
Total	46

Premises

- The Jersey offices are the headquarters of the Group and are located at 2nd Floor, 2 Hill Street, St Helier, Jersey, Channel Islands, JE2 4UA;
- The UK offices of the Group are located at Octagon Point, 5 Cheapside, London EC2V 6AA, United Kingdom;
- The US offices of the Group are located at 101 Fifth Avenue, Suite 605, 6th Floor, New York, NY 10003, United States; and
- The Swedish offices of the Group are located at Artillerigatan 6, 114 51 Stockholm, Sweden.

Financing

The Company finances its operations by means of its cash generative activities, being those undertaken by CSCM as part of the Capital Markets business unit. The structure of the Existing Note Program (as discussed above in the “CoinShares Passive” section), prevents the Group from immediately recognising the cash owing from the management fee.

The Group has available to it various financing facilities with which it interacts for the purpose of executing its trading activities that it utilises from time to time in the ordinary course of business.



Material changes in the Company's financing since 30 September 2020 until the date of the Prospectus

Since 30 September 2020 and until the date of the Prospectus, there have been significant movements in the digital asset markets with the prices of both Bitcoin and Ethereum reaching new all-time highs. As at 19 February 2021, the price of BTC was USD 55,888 (30 September 2020: USD 10,785), and the price of ETH was USD 1,960 (30 September 2020: USD 360).

As the majority of the Group's balance sheet is represented by digital assets held in respect of the ETPs issued under the Existing Note Program, these increases have a direct impact upon the balance sheet of the Group, both in respect of assets held, and the corresponding liability owing the ETP noteholders.

Therefore, in the period since 30 September until the date of the Prospectus the balance sheet has changed materially, and shows digital assets of USD 4.65 billion, and a corresponding noteholder liability of USD 4.56 billion. This represents a material increase of approximately 325% when compared to 30 September 2020.

Additionally, these increases have had a direct impact on the management fee of the Group, and also provided the CoinShares Capital Markets business unit with further revenue-generative opportunities.

Investments

Material investments since 30 September 2020 until the date of the Prospectus

3iQ

The Company entered into an agreement dated 31 December 2020 with 3iQ Corp ("3iQ") to acquire approximately 9% of the shares in 3iQ for GBP 1,602,519. 3iQ is a Canadian domiciled and regulated digital asset manager.

The business model of 3iQ is similar to that of the CoinShares Passive business unit and the investment has been made by the Group in order to further establish relationships with participants within the digital asset space. By doing so, the Group takes steps to accumulate knowledge and experience in a variety of jurisdictions into which expansion at a future date may be explored by the Board and Executive Management.

Kingdom Trust

The Company entered into an agreement dated 21 December 2020 with SBG 1320, LLC ("SBG") to acquire 8% of SBG for GBP 1,396,072 (the "Initial Purchase"). SBG is the holding company of Kingdom Trust, an independent qualified custodian, regulated by the South Dakota Division of Banking. Following the Initial Purchase, the Company received a 5 month option to purchase another 8% of SBG (the "First Purchase Option"). If the Company exercises the First Purchase Option, the Company will then have from the First Purchase Option date a 6 month option to purchase an additional 28% of SBG (the "Second Purchase Option" and together with the First Purchase Option, the "Purchase Options"). The First Purchase Option was provided free of charge and provided that the First Purchase Option is utilized, the Second Purchase Option will also be provided free of charge.

The total amount of SBG ownership available for purchase at the Company's discretion if the Purchase Options are fully exercised is 44%. This investment in SBG has, following the Initial Purchase, granted the Company an indirect stake in Kingdom Trust on a non-fully diluted basis of 3.9% with an option to purchase up to what would currently equate to 23.4%.

If the Company's indirect interest in Kingdom Trust reaches a level of 10% or more Kingdom Trust must notify the South Dakota Division of Banking within 10 days after the purchase, and the Company has agreed to provide the necessary information required by the Division of Banking to meet their vetting requirements.

Kingdom Trust's position as an independent qualified custodian, regulated by the South Dakota Division of Banking, provides an opportunity to the Group to potentially explore further avenues of expansion. It is the Group's belief that a number of potential synergies may exist between the operations of the Group and Kingdom Trust which may be more effectively explored under the governance of such an agreement as has been outlined within the sale and purchase agreement.

Apart from what is described above, CoinShares has not made any material investments since 30 September 2020 until the date of the Prospectus.

Ongoing investments and commitments on future investments

CoinShares (Holdings) Limited ("CSHL") has entered into two ongoing acquisition agreements; Peak AM Securities AB ("Peak") and LaPlace Research Capital Pte.Ltd ("LaPlace"), as described below.

Sale and Purchase Agreement (Peak)

As the purchaser, CSHL entered into a sale and purchase agreement dated 13 November 2019 (the "Peak SPA") whereby Villagulla Invest AB (the "Peak Seller") agreed to sell the issued share capital of Peak to CSHL.

The Peak SPA was amended and restated on 29 December 2020 (the "Amended Peak SPA") having previously had its date of expiry extended to the end of the year, following the non-acceptance of the Group's ownership suitability assessments (Sw. ägarprövningar and ägarledningsprövningar) by the SFSA earlier that year. Please refer to section "Legal and arbitration proceedings - Peak acquisitions - SFSA Approval" for more details.

The Amended Peak SPA is on materially the same terms as the Peak SPA but between the Seller and the Company rather than between the Seller and CSHL. Additionally, the Amended Peak SPA has an expiry date of 30 June 2021 and a break-fee of EUR 250,000 due to Peak in the event that the transaction does not complete by this time.

Since XBT Provider does not hold EEA MIFID compliant regulated status it has been reliant on an exemption granted by Nasdaq in order to issue ETPs under the Existing Note Program. In order to take advantage of this exemption while fulfilling the requirements of the exchange, Nasdaq has, to date, required that a guarantee be provided in respect of the activities it undertakes. This guarantee has been provided by CSJL since 2016. In the first instance, the successful acquisition of Peak (which holds EEA MIFID compliant regulated status) will potentially allow the Group to transfer the XBT Provider guarantee from CSJL to Peak. Additionally, the acquisition may allow the Group to issue future ETPs directly from Peak.

Pursuant to a request from the JFSC, the Company has provided an undertaking to the JFSC that stipulates the following: in the event of the Peak acquisition not completing, or if for any other reason CSJL is required to maintain its position as guarantor, steps will be taken to ensure that the assets used to hedge the obligation arising from XBTs ETP issuance will fall under the control of the guarantor CSJL rather than CSCM.

Sale and Purchase Agreement (LaPlace)

As the purchaser, CSHL entered into a sale and purchase agreement dated 21 April 2020 (the “LaPlace SPA”) where Lagrange Investments Pte. Ltd. (the “LaPlace Seller”) agreed to sell the issued share capital in LaPlace to CSHL.

One of the conditions for completion is that LaPlace must be profitable for three consecutive months during a 180 day period from execution of the LaPlace SPA. If this condition is not met CSHL has the right at its own discretion to waive conditions, extend the date for completion or choose to terminate the SPA and walk away from the transaction. As at the date of this Prospectus, this condition has not yet been met. The 180 day period has been extended to 31 March 2021.

On 21 April 2020, CSHL (as lender) and LaPlace (as borrower) entered into a facility agreement in which CSHL agreed to lend up to USD 500,000 to LaPlace for general corporate and working capital purposes. The facility must be repaid in full two business days after completion of the transaction following written demand from CSHL to LaPlace. In the event that the LaPlace SPA is terminated (in accordance with the pre completion termination terms and conditions in the LaPlace SPA) only 60% of the outstanding amount of the loan shall become due and payable and the remaining 40% shall be deemed repaid. As at the date of this Prospectus, the facility has been increased to USD 1,500,000, of which USD 1,015,049 has been drawn down.

It is the belief of the Directors that the activities of LaPlace are complementary to those of the CoinShares Capital Markets business unit. LaPlace has built a variety of high-frequency trading strategies that could provide the Group with further, currently unexplored methods to generate revenues from the balance sheet of the Group. In addition, LaPlace’s presence in Asia would provide the Group with exposure to additional jurisdictions in which the Group currently does not have a presence.

Apart from what is described above, CoinShares does not have any ongoing or planned material investments.

Material changes in the Company’s financial structure since 30 September 2020

Since 30 September 2020, no material changes in the Company’s financial structure have occurred.

Trends

The Company’s assessment is that, as of the date of the Prospectus, there are no known trends related to production, sales, stock, costs and sale prices during the period from the end of the last financial year to the date of the Prospectus. Furthermore, the Company is not aware of any measures regarding public, financial, fiscal or monetary policy, or other political actions that, directly or indirectly, have had or could have a significant impact on the Group’s operations and prospects for the current financial year. Please refer to the section “Risk factors - Significant and continued regulatory changes” for risks associated with this.

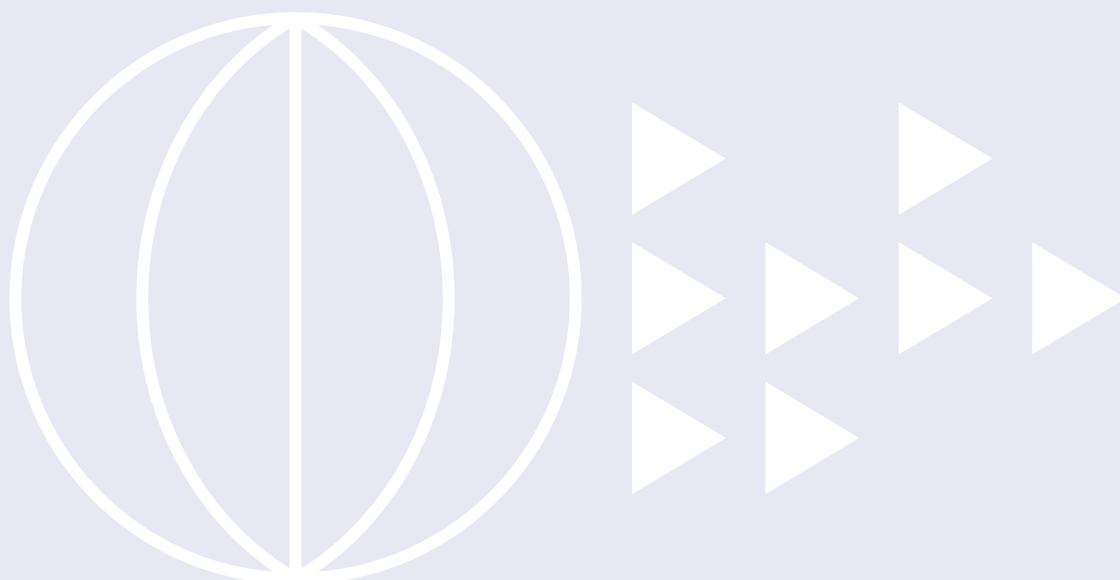


DEFINITIONS

“3iQ”	3iQ Corp, a Canadian domiciled and regulated digital asset manager	“CoinShares Strategic Opportunities Fund”	the Group’s venture capital fund focused on investments in seed-stage companies in the digital asset space, launched in August 2019
“Admission”	the proposed admission to trading on Nasdaq First North Growth Market	“Company”, “CSIL” or “CoinShares”	CoinShares International Limited, a company incorporated and registered in Jersey, Channel Islands with registered number 102185 since 27 November 2008
“AICPA”	American Institute of Certified Public Accountants	“COO”	Chief Operating Officer
“AGM”	the annual general meeting of the Company	“CRO”	Chief Revenue Officer
“Armanino”	Armanino LLP, an accounting, business consulting and technology firm based in the US, and a member in Moore North America, a member of Moore Global	“CSCM”	CoinShares Capital Markets (Jersey) Limited, a wholly owned subsidiary of the Group, incorporated and registered in Jersey, Channel Islands with registered number 122384, since 24 October 2016
“Articles of Association”	the articles of association as adopted by the Company	“CSCMUK”	CoinShares Capital Markets (UK) Limited, a wholly owned subsidiary of the Group, incorporated and registered in the UK, with registered number 03269801 since 29 October 2018
“AUM”	assets under management – the total market value of the digital asset holdings of the Group	“CSD”	central securities depository
“Aventus Foundation”	the Aventus Protocol Foundation	“CSDS”	CoinShares Digital Securities Limited, a wholly owned subsidiary of the Group, incorporated and registered in Jersey, Channel Islands with registered number 127061 since 8 August 2018
“Board” or “Board of Directors”	collectively, the directors of the Company from time to time, presently comprised of Daniel Masters, Jean-Marie Mognetti, Johan Lundberg and Carsten Køppen	“CSHL”	CoinShares (Holdings) Limited, a wholly owned subsidiary of the Group, incorporated and registered in Jersey, Channel Islands with registered number 123711 since 19 April 2017
“BTC”	Bitcoin	“CSJL”	CoinShares (Jersey) Limited, a wholly owned subsidiary of the Group, incorporated and registered in Jersey, Channel Islands with registered number 102184 since 27 November 2008
“CEO”	Chief Executive Officer	“CSO”	Chief Strategy Officer
“Certified Advisor”	Mangold Fondkommission AB, in its capacity as the Company’s Certified Advisor	“CSUK”	CoinShares UK Limited, a wholly owned subsidiary of the Group, incorporated and registered in the UK, with registered number 03269801 since 28 October 1996
“CGCI”	CoinShares Gold & Cryptoassets Index, developed in conjunction with Imperial College London, and one of the Group’s Growth Initiatives	“Custodian”	in respect of the Custodian Agreement, Komainu (Jersey) Limited
“CMA”	Collateral Management Agreement between XBT Provider and CSCM	“Custodian Agreement”	the agreement between Komainu (Jersey) Limited and CSCM, under which the Custodian agrees to provide custody services to CSCM
“CoinShares Active”	one of the Group’s Growth Initiatives, predominantly focused on the launch and management of funds investing in seed-stage companies operating in the digital assets space	“Daily Hedge Position”	the quantum and composition of both the obligation arising from the ETPs issued under the Existing Note Program and the assets being used to hedge this obligation
“CoinShares Advisory”	one of the Group’s Growth Initiatives, established with a view to provide advisory services to companies operating within the digital assets space	“DGLD”	a gold backed stablecoin issued by GTSA, and one of the Group’s Growth Initiatives
“CoinShares Capital Markets”	the CoinShares Capital Markets business unit, responsible for the oversight and execution of the Group’s trading activities	“Directors”	the directors of the Company from time to time
“CoinShares Fund 1”	the Group’s first fund which ran from June 2017 until December 2019		
“CoinShares Passive”	the CoinShares Passive business unit, responsible for the oversight and distribution of the Group’s ETPs		

“EEA”	European Economic Area	“Investment Business”	an entity registered by the JFSC under Article 9 of the FSJL to carry on investment business as defined under Article 2(2) of the FSJL
“EIP”	the Company’s Employee Incentive Program, adopted by the Board on 24 November 2020 to replace the scheme adopted within CSHL	“ISIN”	the International Securities Identification Number of the Company, being JE00BLD8Y945
“ETH”	Ethereum	“Jersey Companies Law”	Companies (Jersey) Law 1991 and any subordinate legislation from time to time made thereunder
“ETPs”	exchange traded products issued by the Group	“JFSC”	Jersey Financial Services Commission
“EU BMR”	EU Benchmark Regulation designed to regulate the provision of, contribution to and use of a wide set of benchmarks	“JV”	Joint Venture
“Executive Management”	the executive management of the Group, comprising the CEO, CSO, CRO, GGC & COO	“Kingdom Trust”	Kingdom Trust, an independent qualified custodian, regulated by the South Dakota Division of Banking, and subsidiary of SBG
“Existing Note Program”	collectively, the ETPs issued by XBT	“Komainu”	Komainu Holdings Limited, together with its wholly-owned subsidiaries, including Komainu (Jersey) Limited, a Jersey regulated custodian
“FCA”	Financial Conduct Authority of the UK	“LaPlace”	LaPlace Research Capital Pte. Ltd
“Financial Advisor”	Mangold Fondkommission AB, in its capacity as the Company’s Financial Advisor	“LaPlace Seller”	Lagrange Investments Pte. Ltd.
“FINRA”	the Financial Industry Regulatory Authority, the independent regulatory body for securities firms operating in the US	“LaPlace SPA”	a sale and purchase agreement between CSHL and the LaPlace Seller, dated 21 April 2020
“FRS 102”	the principal accounting standard in the UK financial reporting regime, under which the consolidated financial statements of the Group have been prepared	“LEI”	Legal Entity Identifier of the Company, being 5493000UFYN9P5VF9D79
“FRS 104”	The accounting standard for the preparation of interim financial statements for those entities that apply FRS 102	“Listing”	a listing of the Company’s Ordinary Shares on the Nasdaq First North Growth Market
“FSJL”	Financial Services (Jersey) Law 1998	“Lock-up Undertakings”	undertakings entered into by the Directors and PDMRs of the Company, restricting the sale of Ordinary Shares held as at the date of the Prospectus for a period of 12 months following Admission
“Fund Services Business”	an entity registered by the JFSC to carry on fund services business as defined by Article 2(10) of the FSJL	“LTC”	Litecoin
“GABI Ventures”	the legacy ventures portfolio of the Group that was removed from the Group on 2 November 2020	“Mangold”	Mangold Fondkommission AB, the Company’s Certified Advisor and Financial Advisor
“GGC”	Group General Counsel	“MAR”	the Market Abuse Regulation (596/2014/EU)
“Group” or “CoinShares”	the Company, together with its wholly-owned subsidiary undertakings	“Material Negative Events”	(i) that Mangold considers the interest in the Offering to be sufficient for satisfactory trading in the Company’s shares; (ii) that Nasdaq approves the Board of Directors application for the Listing; and (iii) that no event occurs that would have such materially negative effect on the Company that it would be inappropriate to complete the Offering.
“Group Companies”	the wholly-owned subsidiary undertakings of the Company	“MiCA”	Proposal for a Regulation on Markets in Crypto-assets, as released by the EU Commission on 24 September 2020
“Growth Initiatives”	the designated term for a range of activities undertaken by the Group that do not form part of the two main business units, CoinShares Passive and CoinShares Capital Markets	“MKS”	MKS Switzerland SA
“GTSA”	Gold Token SA, the issuer of DGLD and a JV between MKS and the Group	“MTF”	multilateral trading facility
“Initial Purchase”, “Second Purchase Options” and “Purchase Options”	the purchase of, and subsequent options to purchase, shares in SBG under the terms of the sale and purchase agreement dated 21 December 2020	“Net Funds”	funds received from the Offering, net of costs incurred

“New Note Program”	collectively, the ETPs issued by CSDS	“SLA - CSHL”	the service level agreement in place between CSCM and CSHL
“New Shares” or “New Ordinary Shares”	Ordinary Shares issued in conjunction with the Offering	“SLA - CSJL”	the service level agreement in place between CSCM and CSJL
“NFA”	National Futures Association of the US	“SLA - CSUK”	the service level agreement in place between CSCM and CSUK
“NGM”	Nordic Growth Market	“SFSA”	the Swedish Financial Supervisory Authority, or Finansinspektionen
“Offering”	the offering of New Shares in conjunction with the Admission	“SLAs”	collectively, the service level agreements in place between CSCM and various Group Companies
“Ordinary Shares”	ordinary shares of the Company	“Share Options”	options over Ordinary Shares, issued in accordance with the terms of the employee incentive program (EIP)
“OTC”	over-the-counter trading as opposed to on a centralised exchange	“Tracked Digital Currencies”	digital assets referenced by the ETPs issued as part of the Existing Note Program and New Note Program
“PDMR”	persons discharging managerial responsibilities	“Turnover”	amounts classified as revenue under FRS 102 and thus excluding fair value gains / gains on sale of digital assets generated by the activities of CoinShares Capital Markets
“Peak”	Peak AM Securities AB	“XBT” or “XBT Provider”	XBT Provider (AB), a company incorporated and registered in Sweden, with registered number 559001-3313 since 22 January 2015, responsible for the issuance of the ETPs under the Existing Note Program
“Peak Seller”	Villagulla Invest AB	“XRP”	Digital asset XRP
“Peak SPA” and “Amended Peak SPA”	a sale and purchase agreement between CSHL and the Peak Seller dated 13 November 2019, the subsequent amended agreement between the Company and the Peak Seller dated 29 December 2020		
“Prospectus”	this document, prepared in accordance with the Prospectus Regulation		
“Prospectus Regulation”	Regulation (EU) 2017/1129 of the European Parliament and of the Council		
“SAFE”	Simple Agreement for Future Equity		
“SAFT”	Simple Agreement for Future Tokens		
“SBG”	SBG 1320, LLC		
“SEC”	The Securities and Exchange Commission		
“SIX”	Six Swiss Exchange, Switzerland's principal stock exchange		
“SLA - CSCMUK”	the service level agreement in place between CSCM and CSCMUK		



OPERATIONAL AND FINANCIAL OVERVIEW

Overview

The Group is focused on building innovative infrastructure, financial products and services for the digital asset class. The Group has offered digital asset exposure and undertaken digital asset trading activities since early 2013. The financial services provided by the Group comply with all applicable regulations and are structured to anticipate the requirements of institutional investors. Over the course of the past eight years, the Group has become one of the main participants in the digital asset industry, launched a range of products and funds referencing digital assets and provided exposure to digital assets to a range of investors. It is the Group's belief that CoinShares has become a trusted participant in the industry, evidenced by its long-standing relationships with its various trading counterparties, service providers and clients.

Key factors affecting the Group's performance and cash flow

The financial performance of CoinShares has been affected, and will likely continue to be affected, by several factors, some of which are outside of the Company's control. This section outlines the key factors that CoinShares judges to have affected the Group's results and operations historically, and which can reasonably be expected to continue to affect the Group's results and operations in the future.

Digital asset price fluctuations

Persistent fluctuations in digital asset prices which (as outlined within the "Risk Factors" section) are outside of the Group's control, have a material impact upon the Group's performance and cash flow.

Rises in digital asset prices result in increased levels of AUM held by the Group in respect of the Existing Note Program. This increases the balance sheet of the Group, with rises seen in both assets held and the corresponding associated obligation owing to noteholders. As revenue generated by the Existing Note Program is calculated at 2.5% per annum (calculated on a daily basis) of total AUM, such rises have a direct impact on the top-line performance of the Group. Falls in digital asset prices have a corresponding, opposite impact, decreasing the balance sheet of the Group. It should, however, be noted that while these fluctuations have an impact on the Group's performance, there is no immediate impact on cash flow due to the way in which the Existing Note Program is structured, as described in the "Business Overview – CoinShares Passive" section.

Such fluctuations in digital asset prices may also have a material impact upon the AUM and associated performance of the New Note Program.

These fluctuations may also have a significant impact upon the trading activities of the CoinShares Capital Markets team (see the "Performance of the CoinShares Capital Markets trading team" section below).

Inflow/Outflow on the Existing Note Program/New Note Program

Demand for the notes issued under the both the Existing and New Note Program has a similar impact to the Group's performance to that described above, regarding digital asset price fluctuations. Inflow results in an increased level of AUM (and corresponding liabilities) and, in turn, increased revenues for the Group. Outflow has the opposite impact, leading to reduced levels of AUM (and corresponding liabilities) and, in turn, decreased revenues for the Group.

High levels of inflow on the Existing Note Program may result in cash flow constraints to the Group due to the way in which these products are structured, as described in the "Business Overview – CoinShares Passive" section. The hedging activities of the Group, as determined by the CMA in place between XBT Provider and CSCM, require the total note exposure to be hedged. This amount is therefore in excess of the fair value of the notes issued. As such, high levels of new inflow can have a negative impact on the cash flow of the Group, given the Group is required to fund a small portion of new notes issued.

The structure of the New Note Program allows for revenues to be realised as cash on an ongoing basis and therefore inflow on these products is advantageous to both revenue and cash flow for the Group.

Performance of the CoinShares Capital Markets trading team

The CoinShares Capital Markets trading team is a significant contributor to the Group's performance and cash flow. The various activities it undertakes, as described in "Business Overview – CoinShares Capital Markets", generate trading gains for the Group and result in cash inflow.

Market volatility may present opportunities for the trading team to generate increased revenues from the range of activities it undertakes, such as liquidity provision for the Existing Note Program and statistical arbitrage strategies. It should however be noted that such potential opportunities typically arise when digital asset prices are showing volatility, meaning gains and cash flow can be generated as prices both increase and decrease. This is demonstrated by the historic performance of the trading team as described in the "Key Figures and KPIs" section of the Prospectus.

Additionally, the CoinShares Capital Markets trading team currently explores a range of fixed income activities in order to enhance whatever gains, if any, it is able to generate in periods of comparatively low volatility.

Wider activities of the Group

The wider activities undertaken across CoinShares impact the Group's performance and cash flow. These activities range from:

- Improving infrastructure and controls in order to reduce ongoing costs and improve the resultant EBITDA and profit margins;
- Reaching out through marketing initiatives in order to raise the Group's profile;
- Establishing relationships with potential JV partners in order to explore ways in which to improve the product offering of the Group (such as is evidenced through Komainu and GTSA).

While the Group's expansion and various Growth Initiatives (as described in the "Business Overview – Growth Initiatives" section) can result in negative pressure on cash flow in the short term, these activities are considered by the Group as integral to ensuring CoinShares retains its leading position in the industry going forward.

Key items in the Group's Statement of Comprehensive Income

Please note that gains generated by the trading activities of CSCM are not classified as revenue due to the treatment of digital assets as intangible assets under FRS 102. These amounts are split between realised and fair value gains on digital assets and not separately disclosed within the Group's Statement of Comprehensive Income. These amounts have been presented within the "Key Figures and KPIs section" in order to allow for visibility on the performance of this business unit over the periods covered by the financial information within this Prospectus.

Revenue

Revenue is comprised primarily of the management fee generated by the notes issued under the Existing Note Program, as described within the "Business Overview – CoinShares Passive" section. As such, revenue is a function of the quantum of notes in issue and their aggregate fair value.

Administrative expenses

Administrative expenses are predominantly comprised of items such as salary payments, rental costs, professional and legal fees, marketing expenses and trading fees.

Intercompany collateral (expense)/income

Intercompany collateral (expense)/income represents the fair value movement in the intercompany collateral obligation of the notes issued under the Existing Note Program. This figure is therefore primarily driven by two distinct factors:

- Digital asset price fluctuations: Should the values of the digital assets represented by the ETPs in issue rise, these rises will increase the ultimate obligation owing to the noteholders. This increase in liability carries with it a corresponding expense on the Group's Statement of Comprehensive Income. Should the values fall, a decrease in the obligation will result in income on the Group's Statement of Comprehensive Income; and
- Foreign exchange fluctuations: Due to the fact that the Existing Note Program issues notes denominated in SEK and EUR, while hedging activities are undertaken in USD, foreign exchange fluctuations can have an impact on the quantum of the noteholder's obligation, resulting in expense/income on the Group's Statement of Comprehensive Income.

The combination of these two factors result in ultimate (expense)/income over a given time period. Due to the relatively steady rate of foreign exchange fluctuations, the core driver of intercompany collateral (expense)/income is therefore digital asset price fluctuations.

Realised gain/(loss) on digital assets

Realised gains/(losses) on digital assets represent the gains/(losses) on the proceeds received from the disposal of digital assets that are in excess/deficit of their cost. This is predominantly driven by:

- Repurchase of outstanding notes: In the event notes are repurchased by the Group, the digital assets used to hedge the liability from these notes may be disposed of, resulting in a gain/(loss);
- Trading activities: Certain activities undertaken by the CoinShares Capital Markets team (as described in the "Business Overview" section) result in trading gains. On the ultimate disposal of digital assets derived from trading gains, the Group will recognise a corresponding gain or loss on the Statement of Comprehensive Income.

Fair value gain/(loss) on digital assets

Fair value gains/(losses) on digital assets represent the fair value movement in digital assets held by the Group. These comprise:

- Movement of hedging assets: This is the fair value movement in the value of digital assets held by the Group as collateral for the obligation arising from the notes issued under the Existing Note Program. The movement in the obligation itself is described above (Intercompany collateral (expense)/income). As the obligation increases due to price fluctuations, the assets held recognise a gain in accordance with this rise and offset this movement. As digital assets held are recognised as intangible assets under FRS 102, movements in the values of the assets held are therefore recognised through Other Comprehensive Income on the Group's Statement of Comprehensive Income.
- Movement of other digital assets: Digital assets held by the Group that are not utilised for the hedging of the notes issued under the Existing Note Program, certain of which have been generated by the trading activities of the CoinShares Capital Markets trading team.

Finance income

Finance income is predominantly comprised of the various fixed income activities undertaken by CoinShares Capital Markets, with the corresponding costs reflected within finance expense.

Overall movements of the intercompany collateral expense/(income) and both the realised and fair value gains on digital assets are predominantly driven by the Existing Note Program and the assets held in respect of it. When the movements caused by the Existing Note Program are stripped out, the resultant figure is therefore largely equivalent to the gains generated by the CoinShares Capital Markets trading team.

As noted above, a reconciliation of the Group's Statement of Comprehensive Income is included within the "Key Figures and KPIs" section in order to summarise the performance of the trading team and provide details on its various activities.

Key items in the Group's Balance Sheet

Digital assets

Digital assets represent the quantum of digital assets owned by the Group that are held in custody or wallets controlled by the Group. The vast majority of these assets are held in respect of hedging the obligation arising from the Existing Note Program.

Trade and other receivables

Trade and other receivables predominantly represent the quantum of digital assets owned by the Group that are held on exchanges or with brokers, where they will be used in order to facilitate the trading activities of the CoinShares Capital Markets trading team. The vast majority of these assets are held in respect of hedging the obligation arising from the Existing Note Program.

In addition to these amounts, this figure also includes various smaller receivables and prepayments arising in the ordinary course of business.

Cash and cash equivalents

Total cash held across the various entities of the Group.

Trade and other payables

Trade and other payables predominantly represents the obligation arising from the notes issued under the Existing Note Program, in addition to amounts owing to brokers.

In addition to these amounts, this figure also includes various smaller payables arising in the ordinary course of business.

Comparison between the 2019 and 2018 financial years**Income statement****Revenue**

The Group's revenue increased from GBP 10,549,384 during 2018 to GBP 11,330,571 during 2019. This increase was driven by both the number of notes in issue and digital asset price fluctuations. These factors resulted in the average AUM over the course of 2019 being slightly in excess of that seen during 2018, resulting in higher management fees.

Administrative expenses

The quantum of administrative expenses remained largely consistent moving from 2018 to 2019 with the exception of certain specific items (outlined below) which, on a net basis, contributed to the overall decrease year on year of GBP 1,643,730.

- Realised foreign exchange losses incurred during 2018 amounted to GBP 390,689. During 2019 the Group recognised foreign exchange gains of GBP 561,389.
- During 2018, a portion of the management fee generated by notes issued under the Existing Note Program was payable to a minority shareholder of CSHL, under the terms of an agreement in place at that point in time. This amounted to GBP 1,013,701.

The above items which resulted in a total expenditure decrease of GBP 1,965,779 were partially offset by increased salary costs in 2019 due to an enlarged staff base and increased rental costs from expansion of the Groups operations.

Operating profit/(loss)

Operating profit/(loss) swings significantly as it encompasses both the movements in the intercompany collateral amount and realised gains/(losses) on digital assets. As covered above, these movements can be significant as they are impacted by the movement in the noteholder obligation of the Existing Note Program.

For the year ended 2018, the level of operating profit was GBP 524,421,056. The key driver for this was a significant reduction in digital asset prices over the year, causing the noteholder obligation to decrease significantly, and a corresponding income amount recognised on the intercompany collateral line. This was offset through other comprehensive income, with a fair value loss on the digital assets held to hedge the obligation of GBP 511,029,128.

In 2019, the Group posted an operating loss of GBP 61,976,839. Again this was driven by the significant movements seen in digital asset prices. The rise over the course of the year resulted in an intercompany expense to match the rising obligation due to noteholders. Again, this was offset through other comprehensive income, with a fair value gain on the digital assets held to hedge the obligation of GBP 72,466,724.

These significant swings result in the Operating profit/(loss) of the Group not being representative of the Group's performance; only one side of the impact of digital asset fluctuations is included within this figure. In order to obtain a more complete understanding of the Group's performance, Operating profit/(loss) should be viewed in conjunction with the Group's other comprehensive income.

Profit/(loss) after taxation

Profit/(loss) after taxation is consistently largely equivalent to the operating profit of the Group, with the only difference between these two figures being any gains generated or losses incurred from investing activities of the Group, fixed income activities, and taxation:

- Investing activities: The movement seen between 2018 and 2019 (from a loss of GBP 1,073,954 to a loss of GBP 405,266) resulted from a lower level of write downs on small investments held by the Group;
- Finance income/(expense): The net finance income generated by the Group, which reflects the fixed income activities of the CoinShares Capital Markets business unit, has remained consistent from 2018 to 2019 (GBP 545,147 and GBP 526,891 respectively); and
- Taxation: The standard rate of corporation tax in Jersey, where the Group is headquartered and where the majority of its operations sit, is nil. Profits within CSJL are subject to tax however, due to the nature of the activities undertaken by this entity. Taxation costs incurred during 2018 and 2019 have remained consistent.

Total loss after taxation for 2019 was GBP 62,123,731 compared to a profit during 2018 of GBP 523,662,234. This is, as noted above, distorted by fluctuations in the noteholder obligation arising from the Existing Note Program and should be viewed in conjunction with the Group's other comprehensive income.

Other comprehensive income

Other comprehensive income has increased from an expense of GBP 509,255,419 in 2018 to income of GBP 71,037,973 in 2019, driven by:

- The rise in value of the digital assets held by the Group seen in 2019, compared to the fall seen in 2018, both in respect of the Existing Note Program and otherwise; and
- Currency translation gains on the translation of subsidiaries denominated in currencies other than GBP.

Total comprehensive income for the year

Total comprehensive income for the year, which is the most representative measure of the Group's performance, fell from GBP 14,406,815 in 2018 to GBP 8,914,242 in 2019.

While the revenue generated and administrative costs incurred by the Group remained largely consistent moving from 2018 to 2019, the performance of the CoinShares Capital Markets trading team in 2018 resulted in significant gains from liquidity provision during the first quarter of 2018 (as can be seen in more detail in the "Key Figures and KPIs" section of the Prospectus). This was due to the digital asset prices experiencing a period of significant volatility.

Balance sheet**Non-current assets**

Non-current assets have remained consistent moving from 31 December 2018 to 31 December 2019, and are largely comprised of investments held by the Group, of which the majority are within the GABI Ventures portfolio which has since been removed from the Group. The impact of this removal is covered within the “Financial Information and Key Figures” section.

Current assets

Current assets have increased from GBP 259,767,409 as of 31 December 2018 to GBP 458,658,950 as of 31 December 2019. This is driven by increased levels of notes issued under the Existing Note Program and the difference in digital asset prices as at 31 December for each financial period.

Liabilities

Liabilities have risen from GBP 227,510,201 as at 31 December 2018 to GBP 419,605,807 as at 31 December 2019, representing predominantly the increase in the noteholder obligation arising from the Existing Note Program, driven (as with current assets) by the quantum and fair value of notes in issue.

Equity

Total equity has risen from GBP 38,643,833 as at 31 December 2018 to GBP 45,343,468 as at 31 December 2019, driven by the total comprehensive income for the year ended 31 December 2019.

Cash flow**Cash flows from operating activities**

Cash flows from operating activities during 2018 resulted in a net outflow of GBP 72,264,760, compared to a net inflow during 2019 of GBP 74,559,235. This was predominantly caused by adjusting the (loss)/profit after taxation for the significant fluctuations seen in the level of liabilities owing to noteholders and digital asset gains/(losses).

Cash flows from investing activities

Investing activities impacted the cash flow of the Group in 2018, resulting in cash inflow of GBP 42,932,529, mainly from the net disposal of digital assets over the course of the year. In 2019, there was a net cash outflow of GBP 99,690,114, mainly from the net purchases of digital assets over the course of the year.

Cash flows from financing activities

Financing activities did not impact the cash flow during 2018. An amount of GBP 2,215,172 impacted the Group in 2019 resulting from the acquisition of a non-controlling interest in CoinShares Holdings Limited.

During the course of 2019, the above movements resulted in the level of cash held by the Group decreasing from GBP 32,896,992 to GBP 4,124,252.

Comparison between the 2019 and 2020 interim periods**1 January-30 September****Income statement****Revenue**

The Group's revenue increased from GBP 8,320,967 during the 9 month period ended 30 September 2019 to GBP 11,302,458 during the same period in 2020. The increase was driven by both the number of notes in issue and digital asset price fluctuations. These factors resulted in the average AUM over the course of 2020 being in excess of that seen during the same period in 2019, resulting in higher management fees.

Administrative expenses

The quantum of administrative expenses increased in the 9 month period ended 30 September 2020 when compared to the same period during 2019 by GBP 2,965,774. This notable increase is driven by:

- Salary costs, due to the expansion of the staff base during the course of 2020;
- Trading costs, in accordance with increased trading activity (also reflected by the rise in trading gains seen in the period, see the “Key Figures & KPIs” section);
- Custody fees, in accordance with the increase in digital assets held by the Group; and
- Professional and legal fees incurred by the Group in preparation for seeking a quotation on Nasdaq First North Growth Market.

Operating profit/(loss)

Operating profit/(loss) swings significantly as it encompasses both the movements in the intercompany collateral amount and realised gains/(losses) on digital assets. As covered above, these movements can be significant as they are impacted by the movement in the noteholder obligation of the Existing Note Program.

For the period ended 30 September 2019, the operating loss was GBP 161,322,492. The key driver for this was an increase in digital asset prices over the year, causing the noteholder obligation to increase significantly, and a corresponding expense amount recognised on the intercompany collateral line. This was offset through other comprehensive income, with a fair value gain on the digital assets held to hedge the obligation of GBP 168,940,753.

For the period ended 30 September 2020, the Group posted an operating loss of GBP 187,524,235. Again, this is driven by the significant movements seen in digital assets prices. This was offset through other comprehensive income, with a fair value gain on the digital assets held to hedge the obligation of GBP 197,841,141.

These significant swings result in the Operating profit/(loss) of the Group not being representative of the Group's performance; only one side of the impact of digital asset fluctuations is included within this figure. In order to obtain a more complete understanding of the Group's performance, Operating profit/(loss) should be viewed in conjunction with the Group's other comprehensive income.

Profit/(loss) after taxation

Profit after taxation is consistently largely equivalent to the operating profit of the Group, with the only difference between these two figures being any gains generated or losses incurred from investing activities of the Group, fixed income activities, and taxation:

- Investing activities: The movement seen on investing activities between the 9 month periods ended September 30 2019 and 2020 respectively (from a loss of GBP 503,324 to a gain of GBP 1,820,830) resulted from trading activities in listed investments undertaken at the CSIL level, in addition to certain gains recognised across the GABI Ventures portfolio, which has since been removed from the Group;
- Finance income/(expense): The net finance income generated by the Group has risen from GBP 395,168 to GBP 1,373,587 over the two comparable periods, reflecting the increased focus of the CoinShares Capital Markets trading team on its fixed income activities; and
- Taxation: The standard rate of corporation tax in Jersey, where the Group is headquartered and where the majority of its operations sit, is nil. Profits within CSJL are subject to tax however, due to the activities of this entity. Taxation costs incurred during the 9 month periods ended September 30 2019 and 2020 respectively have remained consistent.

Total loss after taxation for the nine month period ended 30 September 2020 was GBP 184,533,774 compared to GBP 161,632,036 during the corresponding period in 2019. This is, as noted above, distorted by fluctuations in the noteholder obligation arising from the Existing Note Program and should be viewed in conjunction with the Group's other comprehensive income.

Other comprehensive income

Other comprehensive income has increased from GBP 166,735,457 in the nine month period ended 30 September 2019 to GBP 198,833,351 in the corresponding period in 2020, driven by:

- The aggregate rise in value of the digital assets held by the Group both in respect of the Existing Note Program and otherwise; and
- Currency translation gains on the translation of subsidiaries denominated in currencies other than GBP.

Total comprehensive income for the period

Total comprehensive income for the period, which is the most representative measure of the Group's performance, rose from GBP 5,103,421 in the 9 month period ended 30 September 2019 to GBP 14,299,577 during the corresponding period in 2020.

While revenue generated and administrative costs incurred by the Group both showed increases over the two periods, the performance of the trading team and its fixed income activities showed stronger performance over the course of 2020. As can be seen in the "Key Figures and KPIs" section, the trading performance increased from GBP 6,957,335 during the nine month period ended September 2019 to GBP 11,137,088 during the corresponding period in 2020.

An additional contributing factor was gains on investments made by the Group of GBP 1,820,830 generated during the nine months ended September 2020, compared to a loss of GBP 503,324 during the corresponding period in 2019.

Balance sheet**Non-current assets**

Non-current assets remained largely consistent moving from 30 September 2019 to 30 September 2020 and are largely comprised of investments held by the Group, of which the majority are within the GABI Ventures portfolio which has since been removed from the Group. The impact of this removal is covered within the "Financial Information and Key Figures" section of the Prospectus.

Current assets

Current assets increased from GBP 458,658,950 as at 31 December 2019 to GBP 801,357,422 as at 30 September 2020. This is driven by increased levels of notes issued under the Existing Note Program and the difference in digital asset prices as at the end of each period.

Liabilities

Liabilities, which predominantly represent the noteholder obligation, rose from GBP 419,605,807 as at 31 December 2019 to GBP 749,024,697 as at 30 September 2020, for the same reasons noted above driving the level of current assets held.

Equity

Total equity rose from GBP 45,343,468 as at 31 December 2019 to GBP 59,643,045 as at 30 September 2020, driven by the total comprehensive income for the period ended 30 September 2020.

Cash flow**Cash flows from operating activities**

Cash flows from operating activities during the 9 month period ended 30 September 2020 resulted in a net inflow of GBP 51,008,024. This is predominantly caused by adjusting the (loss)/profit after taxation for the significant fluctuations seen in the level of liabilities owing to noteholders and digital asset gains/(losses).

Cash flows from investing activities

Investing activities impacted the cash flow of the Group in the nine month period ended 30 September 2020, resulting in cash outflow of GBP 41,397,541, which is predominantly comprised of the net purchases of digital assets during the period.

Cash flows from financing activities

Financing activities did not impact the cash flow during the 9 month period ended 30 September 2020.

The above movements resulted in the level of cash held by the Group increasing from GBP 4,124,252 to GBP 14,726,945 in the nine month period ended 30 September 2020.

STATEMENT OF WORKING CAPITAL AND OF CAPITAL STRUCTURE AND INDEBTEDNESS

This section contains information on CoinShares' need of working capital as well as on CoinShares' equity and liabilities.

It is the opinion of the Board of Directors that the current working capital is sufficient for the Company's needs for the coming 12 months from the publication of the Prospectus.

Capital structure

The table below summarises the capital structure of CoinShares as of 31 December 2020.

The Company's equity as at 31 December 2020 amounted to GBP 56,862,596, of which the Company's share capital amounted to GBP 31,278.

GBP	31 December 2020
Current debt	
Guaranteed debt	1,773,455,572
Secured debt	139,800,714
Unguaranteed/unsecured debt	-
Total current debt	1,913,256,286
Non-current debt	
Guaranteed debt	-
Secured debt	-
Unguaranteed/unsecured debt	-
Total non-current debt	-
Equity	
Share capital	31,278
Share premium	2,387,070
Translation reserve	(1,811,970)
Retained earnings/Other reserves	56,256,218
Total equity	56,862,596

As at 31 December 2020, the current debt on the balance sheet of the Group at a consolidated level represents:

- The obligation arising from the ETPs issued under the Existing Note Program, totaling GBP 1,773,455,572, for which a guarantee is provided by CSJL. As is described in the "Business Overview - Hedging Activities" section of the Prospectus, this guarantee is made possible due to the fact the obligation arising from the ETPs is hedged by physical digital assets and other digital asset exposure by CSCM, in accordance with the terms of the CMA; and
- Amounts due to exchanges and brokers, totaling GBP 139,800,714 in respect of various trading positions of the Capital Markets trading team, which are fully hedged by (and in effect, secured against) either digital assets or cash, resulting in no directional risk to the Company.

The assets utilised to hedge the current debt position of the Group can be seen within the net indebtedness table below. The figures in the table above are derived from the unaudited

balance sheet of the Group as at 31 December 2020. The significant movement since 30 September 2020 (the date at which the financial information incorporated by reference has been prepared) is a result of the significant movement in the digital asset prices in the final quarter of 2020, as discussed within the "Business Overview - Material changes in the Company's financing since 30 September 2020 until the date of the Prospectus" section of the Prospectus.

From 31 December 2020 to the date of the Prospectus, there have been further significant movements in the Guaranteed debt line, and consequently the Total current debt, due to continued rises in digital asset prices, increasing in turn the obligation arising to noteholders of the Group's ETPs. Consequently, The Total current debt amounts to USD 4.406 billion as at the date of the Prospectus, representing an increase of 86% since 31 December 2020.

Net indebtedness

The net indebtedness of CoinShares as of 31 December 2020 is presented in the table below.

As of 31 December 2020 the Company has financial liabilities amounting to GBP 1,913,256,286 consisting of amounts due to ETP holders under the Existing Note Program, and amounts due to brokers and exchanges in respect of trading positions of the CoinShares Capital Markets trading team. The Company has no contingent liabilities.

GBP	31 December 2020
A - Cash	1,798,204
B - Other cash equivalents	-
C - Trading Securities	1,828,284,870
D - Total liquidity (A + B + C)	1,830,083,074
E - Current financial receivables	135,551,185
F - Current bank debt	-
G - Current portion of non-current debt	-
H - Other current financial debt	1,913,256,286
I - Current financial debt (F+G+H)	1,913,256,286
J - Net current financial indebtedness (I - E - D)	(52,377,973)
K - Non-current bank loans	-
L - Bond issued	-
M - Other non-current loans	-
N - Non-current financial indebtedness (K + L + M)	-
O - Net financial indebtedness (J+N)	(52,377,973)

Note that in the table above:

- The digital assets held by the Group of GBP 1,828,284,870 have been classed as trading securities. In the event they are no longer required in respect of hedging any liabilities of the Group (under the terms of the CMA or otherwise), these assets are liquid;
- Current financial receivables of GBP 135,551,185 represent amounts due from brokers and exchanges, in addition to amounts receivable from counterparties in respect of the fixed income activities of CoinShares Capital Markets; and
- Total liquidity plus current financial receivables is in excess of the total financial debt of the Group by GBP 52,377,973.

The figures in the table above are derived from the unaudited balance sheet of the Group as at 31 December 2020. The significant movement since 30 September 2020 (the date at

which the financial information incorporated by reference has been prepared) is a result of the significant movement in the digital asset prices in the final quarter of 2020, as discussed within the “Business Overview - Material changes in the Company’s financing since 30 September 2020 until the date of the Prospectus” section of the Prospectus.

From 31 December 2020 to the date of the Prospectus, there have been significant movements in the Trading Securities line, and thus the Total liquidity, as a result of continued rises in digital asset prices, increasing the value of the digital assets held by the Group. Consequently, the Other current financial debt line has shown a corresponding increase in the financial liability due to holders of the Group’s ETPs, as discussed above within the “Capital structure” section. As at the date of the Prospectus, the value of Trading Securities amounts to USD 4.250 billion, representing an increase of 86% since 31 December 2020.



RISK FACTORS

An investment in the Company's Ordinary Shares is associated with various risks. This section describes the risk factors and important circumstances that are considered material to the Group's operations and future development. In accordance with the Prospectus Regulation the risk factors mentioned in this section are limited to the risks assessed to be specific to the Group and/or to the securities in the Offering and which are deemed to be material for an investor to be able to make an informed investment decision.

CoinShares has assessed the materiality of the risks on the basis of their likelihood of occurrence, as well as the expected magnitude of the adverse impact. The risk factors are presented in a limited number of categories that include risks related to the Group, its operations, financial situation, legal and regulatory environment and industry. The risk factors presented below are based on the Company's assessment and available information as of the day of the Prospectus. The risk factors that are deemed to be the most significant as of the day of the Prospectus are presented first within each category, while the following risk factors are presented without any particular ranking.

Risks Associated with Operational Activities of the Group as a whole

Digital assets as an asset class

The current and prospective operations of the Group focus on digital assets and the provision of a range of products and services designed to offer investors exposure to these assets through a variety of means. Additionally, the Group undertakes a range of trading activities associated with digital assets in order to generate gains through a variety of strategies.

Therefore, the long-term success of the Group's strategy is dependent upon not only investor appetite, i.e. investor demand for digital asset exposure, but also the relative success of the various asset classes that the Group's investors are exposed to (value and prevalence of digital assets). There is a risk that investor demand for exposure to digital assets will stagnate, decrease or not increase as expected. Moreover, there is a risk that the values of the digital assets to which investors are exposed to reduce to such an extent which could render the Company's long-term plans of the business unsustainable, thus heavily reducing the value investment in the Group. Decreased or stagnant investor demand in digital assets may occur for a variety of reasons and, even if demand remains high, competitors entering the marketplace could lead to significantly falling interest in the products and services being offered by the Group.

Additionally, should a particular digital currency fail to achieve adoption among the digital asset community, or should it suffer technological or coding failures / hacks, for example, then this could have a direct impact on the digital asset industry and, by association, the Group itself.

The Company believes that the risks associated with digital assets are high, and if materialised, the impact on the Company's operations would be high.

General operational risks

The Group undertakes a range of activities including, but not limited to, the issuance of ETPs, liquidity provision, trading services, trading activities relating to digital assets and digital asset lending.

In order to ensure that these activities are executed in an appropriate manner, dictated by both good market practice and any regulatory status held from time to time by certain entities within the Group, the Group relies on its established control environment. This control environment encompasses, among others, financial, regulatory, risk and compliance controls and is integral to the successful operation of the Group. The control environment is monitored on an ongoing basis in order to meet both the needs of the Group as it evolves, and the needs of external factors such as legal and regulatory requirements.

There is a risk that certain aspects of the control environment may fail, are insufficient, suffer from human error or are bypassed entirely, which could lead to reputational damage and/or financial losses, dependent on the nature and extent of the failure.

The Company believes that the likelihood of these operational risks relating to the Group's control environment materialising is medium. If materialised, the impact on the Company's operations would be medium/high.

Counterparty risk

The Group is reliant upon a wide range of counterparties for storage and custody of the digital assets that it owns. This includes regulated digital asset custodians (used by the Group for cold storage), exchanges (used by the Group for trading activities) and fixed income counterparties (on which the Group generates yield). While this wide range allows for a certain degree of protection through diversification, it also results in an increase in potential points of failure. Historically the digital asset industry has suffered multiple instances of cyber-attacks and security breaches, that can result in individual's holdings becoming inaccessible or even irrecoverable. This is an inherent risk of the industry within which the Group operates.

Should one of these counterparties be subject to a cyber-attack, fall into financial difficulty or face certain other issues, there may arise an event that would result in the digital assets stored with said counterparty to potentially become irrecoverable as they may have been misappropriated, leaving the counterparty unable to fulfil its obligations to the Group. This would have a detrimental financial and reputational impact upon the Group. In a severe case, it could result in the Group collectively holding less assets than would be required to meet the obligation arising from the issuance of the ETPs and other creditors.

The Company believes that the likelihood of these its counterparty risks materialising is low. If materialised, the impact on the Company's operations would be high.

Reliance on key personnel

The Company's Executive Management team consists of one Board Director (Jean-Marie Mognetti in his capacity as CEO) supported by a number of individuals with a range of experience and qualifications. The Group's success is highly dependent on the expertise and experience of these individuals, and other key employees in the Group. As of the date of the Prospectus, the Group employs a total of 46 individuals, who are collectively and individually integral to the success of the Group. Finding personnel sufficiently experienced in the industry is particularly difficult and, as such, retention of key personnel is of great importance to the Group. There can be no guarantee that replacement individuals can be found that are of sufficient quality, and that possess the industry knowledge that is advantageous to the Group.

The Company believes that the likelihood that key personnel will be lost is low. If this risk is materialised, the impact on the Company's operations would be low/medium.

Data breaches, cybersecurity and cybercrime

As the Group has a focus on digital assets, CoinShares may be a target for online crimes such as hacking, theft, malware attacks and fraud, directly through systems under its control or indirectly through systems controlled by third parties. In addition, the counterparties with which CoinShares interacts likely carry a similar risk profile which the Group can influence no control over. CoinShares' business relies on its IT infrastructure, including software, hardware, telecommunications and other systems, to deliver its services and to manage and secure its business and data. Despite implementing network security measures, CoinShares' and or third parties' systems may be vulnerable to computer viruses, breaches and similar disruptions from unauthorised tampering with, and/or cyber-attacks on, such computer systems. CoinShares may be required to spend significant capital and other resources to protect its systems against the threat of computer viruses and hackers. Moreover, if a computer virus or cyber-attacks affecting such system is publicly known, CoinShares' reputation or the users' trust in the relevant business or service could be materially damaged or affect the operations of the relevant service provided.

In addition, exposure to such cybercrimes could lead to theft of funds, loss of revenue, sensitive data being stolen and service outage, all of which could adversely affect the Group's operations, financial position, its reputation and ultimately its prospects and financial performance. Remedial actions after such issues, including but not limited to regulatory fines and litigation, could be time consuming and result in the Group incurring unforeseen expenditure.

The Company believes that the likelihood of data breaches and cybercrime occurring is low/medium. If materialised, the impact on the Company's operations would be medium/high.

Risk associated with the trading activities of the Group

The Group undertakes a range of trading activities related to digital currencies. Should the trading activities of the Group be compromised by either technological or human error, this could lead to the loss of revenues and digital assets which would, in turn, have a detrimental impact upon the financial performance of the Group. The controls in place ensure that no directional risk is undertaken in the trading activities of the Group (and as such digital asset price fluctuations do not pose a risk). Should errors in the monitoring of the trading activities occur through either technological or human error occur, directional risk may inadvertently arise, despite the Group's robust control environment, resulting in the Group becoming exposed to the price fluctuations of the digital asset holdings and positions.

The Company believes that the likelihood of these risks relating to the trading activities of the Group materialising is low. If materialised, the impact on the Company's operations would be medium.

Lack of investor interest in the New Note Program

The New Note Program offers exposure to a range of digital assets and was launched on 19 January 2021. As at the date of the Prospectus, the New Note Program has approximately USD 310 million of AUM. The launch of the New Note Program is designed, in part, to solve the cash flow issue associated with the Existing Note Program which results in the Group being required to hold digital asset positions in excess of the obligation arising on the ETPs, impacting on the free cash flow of the Group.

Lack of interest in the New Note Program will result in a lower than expected increase in the level of AUM.

The Company believes that the likelihood of risks relating to interest in the New Note Program materialising is low/medium. If materialised, the impact on the Company's operations would be low/medium.

Success of marketing strategies

The Group is focused on attracting investors for its products and clients for its services in order to grow the profile of the CoinShares brand and ultimately improve the financial performance of the Group. A key component of this growth is a well-structured marketing strategy which is focused on approaching a targeted audience of retail and institutional clients.

The success of these marketing strategies is key to the continued growth of the Group. There is a risk that the Group's marketing strategies will be unsuccessful in aiding this growth or that the strategies will incur excessive costs, and this could in turn have an adverse impact on the Group's prospects and financial performance.

The Company believes that the likelihood of the Group's marketing strategy being unsuccessful is low/medium. If materialised, the impact on the Company's operations would be low.

Risks associated with the issuance of the Group's ETPs under the Existing Note Program

Fluctuations in the price of digital assets referenced by the ETPs

The ETPs issued under the Existing Note Program and the New Note Program and the underlying digital assets can be highly volatile and may be affected by a variety of factors, many of which are outside the control of the Group. Should demand for a particular digital asset decrease or should it fail to achieve adoption among the digital asset community or should it suffer technological or coding failures or hacks, for example, then its value could drop sharply and permanently. Significant drops in the price of the digital assets referenced by the ETPs will result in the generation of a lower management fee, leading to reduced revenues for the Group. For example, a 10% drop in the price of Bitcoin would, at 31 December 2020 prices (and taking into account the level of ETPs in issue referencing Bitcoin as at that date) lead to a reduction in management fees from USD 47.2 million to USD 42.5 million on an annualised basis (assuming no change in the number of ETPs in issue).

The Company believes that likelihood of fluctuations in the price of digital assets to be high. If materialised, the impact on the Company's operations would be high.

Credit risk

Investors in the Company are, just as the direct investors in the ETPs are, exposed to credit risk relating to XBT Provider. XBT Provider's obligations under the ETPs constitute unsecured and unsubordinated obligations and will rank *pari passu* with the Issuer's other unsecured and unsubordinated obligations. An investor in the ETPs possibility to obtain payment in accordance with the applicable terms and conditions is therefore dependent on the Company's ability to meet its payment obligations. Correspondingly, the Company's ability to satisfy its payment obligations is dependent on CSCM's ability to meet its obligations under the Collateral Management Agreement and CSJL's ability to meet its obligations as guarantor. Should the Group entities be unable to meet their obligations to XBT, not only will this directly impact upon the ETP holders but would also impact upon investors in the Company as this could be indicative of underlying financial issues within the Group as a whole.

The Company believes that likelihood of these credit risks materialising is low. If materialised, the impact on the Company's operations would be medium/high.

Maintenance of the hedging activities

The hedging activities undertaken by the Group in order to ensure the obligation arising from the ETPs issued under the Existing Note Program are performed by CSCM. These activities are governed by the terms of the CMA in place between CSCM and XBT Provider which dictates how CSCM is required to hedge the obligation. At least 75% of the hedge must be held in the relevant physical digital assets to which the ETPs relate. No more than 25% of the remaining exposure may be held in futures, options derivatives or cash (provided the cash element remains no more than 5% of the total hedge amount).

Consequently, should CSCM fail to fulfil its obligations under the relevant hedging arrangements, it would have an adverse effect on the Existing Note Program.

The Company believes that likelihood of these risks relating to the maintenance of its hedging activities materialising is low. If materialised, the impact on the Company's operations would be medium/high.

Delisting

Although the ETPs are admitted to trading on one or more MTFs, there is a risk that the Group may not succeed in maintaining this status for the ETPs. If one or more regulated markets decides that the ETPs should no longer should remain admitted to trading, regardless of whether this is due to circumstances assignable to the Issuer, the ETPs, the Tracked Digital Currencies, the market maker(s) and / or changed rules or any other reason, there is a risk that the Group will not succeed in having the ETPs admitted to trading on another regulated market, MTF or other marketplace. Such a course of events would probably worsen the liquidity, disposal opportunities and the market value for the ETPs and thus create risks of losses for investors.

If a delisting were to occur and no other listing obtained within an appropriate time frame, the Group may be required to exercise its right to redeem the ETPs early. Such early redemption will only occur following a notice period and the final settlement amount may be negatively impacted in such a scenario. While this redemption would create significant level of cash inflow to the Group on the realisation of the accumulated management fee, it would impact the future revenues of the Group, as the Existing Note Program (which has historically been a key source of revenue for the Group) will no longer be active.

The Company believes that likelihood of a de-listing of the Group's products materialising is low. If materialised, the impact on the Company's operations would be high.

Financial Risks

Receipt of Management Fee from under the Existing Note Program

The Group earns a significant portion of its annual revenue from the ETPs issued by XBT Provider under the Existing Note Program. The ETPs generate revenue for the Group in the form of a management fee, which is calculated, daily, as a percentage of the total assets invested in the ETPs.

While the management fee reduces, daily, the liability payable under the ETPs, it does not reduce the exposure to the relevant underlying digital asset upon which that liability is calculated. Essentially, the notional value of the relevant underlying digital asset, which is used to calculate the change in value of the ETP, does not decrease daily by the management fee.

The Group must hold sufficient assets to meet the obligations arising under the Existing Note Program. The exposure created by those obligations can be split into the fair market value of the ETPs, which is effectively a settlement value due to a certificate holder upon redemption, as well as a notional value of the relevant underlying digital asset, which will determine the change in the fair market value.

To hedge that exposure in accordance with prudent risk management principles, the Group must hold the relevant digital asset in excess of the obligation arising from the ETPs. That excess effectively represents the accrued management fee since inception of the Existing Note Program. As the accrued management fee is owned and controlled by the Group, it is recognised as revenue. However, as it is necessary to hedge the Group's obligations created by the Existing Note Program, it is held in the relevant underlying digital asset and is therefore not realisable as free cash flow until such time as a certificate is redeemed.

The Group's inability to realise the accrued management fee in cash until redemption could place increased pressure on

the Group's working capital position. In the event that the Group does not have sufficient working capital to operate its business or to continue funding the Existing Note Program in a sufficient manner, the Group may be required to redeem the certificates under the terms of the base prospectus. If this were to occur, the Group would potentially cease earning revenue from the Existing Note Program, which in turn would negatively impact the Group's financial position and its results.

Furthermore, the Group is required to hold the accrued management fee in the relevant underlying digital asset. Although the Group hedges that exposure in such a way that price movements in the underlying digital asset do not impact the amount of revenue recognised (and the amount of cash to be realised upon redemption), there is risk that the Group's hedging may not be sufficient or effective. In such an event and if the value of relevant underlying digital asset were to decrease, the revenue accrued under the management fee may differ from the cash available for realisation. If this were to occur, it could negatively impact the Group's financial position and results.

This is an inherent risk to the business and its impact on the business on an ongoing basis is high.

Transfer pricing position of the Group

Under the Group's current transfer pricing model, management fees derived from the Existing Note Program are distributed to various entities within the Group in exchange for services provided to support the Existing Note Program. These services and arrangements are outlined in a series of intra-Group service level agreements ("SLAs"). Given that the entities in question are in Jersey and the UK, consideration has been given to the transfer pricing implications of the SLAs, with advice having been sought on the arrangements from external advisors. There is a risk that the transfer pricing policies operating within the Group could be challenged by fiscal authorities outside of Jersey and potentially lead to the application of a new transfer pricing approach, resulting in higher tax rates for the Group than would otherwise be the case, both going forward and potentially retrospectively.

The Company believes that the likelihood of the transfer pricing policy being deemed inappropriate is low. If materialised, the impact on the Company's operations would be low/medium.

Legal and Regulatory Risks

Significant and continued regulatory changes

Certain Group companies are regulated by various laws and regulations in Jersey, Sweden, the United Kingdom and the United States. The Company cannot fully anticipate all changes that in the future may be made to laws and regulations to which the Group is subject in the future, nor the possible impact of all such changes. The Group's ability to conduct its business is dependent on its ability to comply with rules and regulations. Group Companies are routinely audited to ensure compliance with legal and regulatory requirements. There can be no assurance that the Group will pass all audits in the future. The failure to pass such audits or to be found in breach of regulations applicable to any Group company could result in fines or adverse publicity which could have a material adverse effect on the business and which may lead to decreased results of operations and financial condition.

The Group is subject to many different forms of taxation including but not limited to income tax, withholding tax, value added tax and social security and other payroll related taxes.

Tax law and administration is complex and often requires the Group to make subjective determinations. The tax authorities in any given jurisdiction in which the Group operates may disapprove with the determinations that are made with respect to the Company's application of applicable tax law. Such disagreements could result in lengthy legal disputes and, ultimately, in the payment of substantial amounts for tax, interest and penalties, which could have a material effect on the Group's results of operations.

New legislation or regulations, decisions by public authorities or changes regarding the application of or interpretation of existing legislation, regulations or decisions by public authorities applicable to the Group's operations, may adversely affect the Group's business and its ability to launch new products or continue offering its existing products to investors.

The Company believes that ongoing regulatory changes are inherent to the digital asset industry. The impact of these changes can range from low to high.

Litigation Risks

The Company is not but may become involved in litigation, regulatory and arbitration proceedings from time to time, with investors, employees, regulatory authorities or other claimants. As an example, the Company is dependent on regulatory permits to be able to conduct its operations. In Jersey, the subsidiary CoinShares (Jersey) Limited is licensed and regulated by the JFSC to provide alternative investment fund services and certain fund services. In Sweden, the subsidiary XBT Provider AB (publ) is subject to regulatory oversight from the SFSA and Nasdaq to be able to offer customers digital assets by offering ETPs. Entities that are found to be in breach of applicable regulations could face fines or adverse publicity which could have a material adverse effect on the Group as a whole, and which may lead to decreased financial performance or ultimately result in the revocation of their regulatory status, which would have a material adverse impact on the operations of the Group, and its financial condition.

Even if the Company is successful in defending such proceedings or resolves any claims to the satisfaction of the parties involved, and whether covered by insurance or otherwise, the Company may suffer from the distraction of management resources to such proceedings, or incur costs and possibly face harm to its reputation from case-related publicity. The Company's involvement in such proceedings or settlements may have an adverse effect on its business, financial condition and results of operations.

The Company believes that the likelihood of litigation risks materialising is medium. If materialised, the impact on the Company's operations would be low/medium.

Impact of Brexit

On 23 June 2016, a majority of UK voters voted in favour of the United Kingdom's exit from the EU (commonly referred to as "Brexit") in a national referendum, and on 29 March 2017, the UK government triggered Article 50 of the Treaty of the European Union, which initiated the withdrawal procedure and set the United Kingdom on track to exit the EU.

There is a possibility of trade barriers resulting from the UK leaving the EU which may affect the macroeconomic environment in Europe. In addition, Brexit is expected to cause disruption to the UK market, as the UK will face a number of implementation challenges, such as the requirement for the reestablishment of UK banks' headquarters in the EU,

requirement of passporting of services of UK banks, timely adoption of new laws and regulations and readjustment of existing legislation, among other things. The referendum has also given rise to calls for the governments of other EU member states to consider withdrawal from the EU.

In December 2020, the United Kingdom and the EU reached a trade and security agreement, which came into force from 1 January 2021. It is not clear what the impact on CoinShares will be moving forward, although it is felt that owing to preparatory work undertaken in advance, any impact would be low.

Risks Associated with Market in which the Group Operates

Competition

As interest in digital assets continues to grow, attracting attention from both institutional and retail market participants, the competitive landscape also begins to mature to meet these needs. In recent years, despite significant barriers to entry, a range of competitors have begun to emerge. The Group's largest competitors are normally characterised by the nature of the products and services referencing digital assets that they offer.

Should the competitive environment produce alternative products and services that are preferred to those of the Group, or should new competitors emerge, which may have greater financial resources compared to the Group which in turn could allow for competitors to offer superior products and services, this could have a detrimental impact upon the long term financial performance and reputation of the Group and the CoinShares brand.

The Company believes that the likelihood of increased levels of competition is high. If materialised, the impact on the Company's operations would be medium.

Reputational risks and perception of the industry

The Group is exposed to reputational risks due to association with digital assets which may arise from events occurring within the industry outside of the Group's control such as misappropriation of assets and instances of hacking or cyber-attacks which may be widely covered in mainstream media and would negatively affect the Group's and its industry's reputation. For example, there have been a number of high-profile negative events involving digital assets and similar evolving technologies, including cases of hacking and financial crime including money laundering. Further high-profile negative events can result in a more negative attitude from investors towards companies offering exposure to digital assets and associated blockchain related technologies, even if these events are not related to the Group's operations. Negative public and government perception of the industry could have an adverse effect on the Group's operations and may trigger increased regulation of the industry in one or more jurisdictions relevant to the Group. Moreover, the nature of the industry is such that companies operating in the market may be the focus of heightened commentary on social media, online forums and similar communication channels. Companies with a higher profile in the industry, which may include CoinShares, could particularly find themselves the target of negative publicity across such channels.

The Company believes that the risks relating to perception of the industry materialising is medium. If materialised, the impact on the Company's operations would be medium.

Risks Associated with the Ordinary Shares and the Offering

Risk of an illiquid market and price volatility

The share prices of publicly traded companies, including those listed on Nasdaq First North Growth Market, can be highly volatile. The Company's Ordinary Shares have not previously been traded on a stock market. It is therefore difficult to predict the amount of trading or the interest that may be shown in the Ordinary Shares. The price at which the New Ordinary Shares will be traded and the price which investors may realise for their shares will be influenced by a large number of factors some of which are specific to the Company and its business, while others are general for listed companies and outside the Company's control.

Prospective investors should be aware that the value of an investment in the Group and any income derived from it may go down as well as up. The Listing and Admission to trading of the Company's shares on Nasdaq First North Growth Market in Stockholm should not be interpreted as meaning that there will be a liquid market for the shares. There is a risk that the price of the Ordinary Shares will be highly volatile in connection with the Admission to trading on Nasdaq First North Growth Market. If active and liquid trading does not develop or does not prove sustainable, this could make it difficult for shareholders to sell their Ordinary Shares and the market price could differ considerably from the price of the New Ordinary Shares.

The Company believes that the risk of an illiquid market is low. If materialised, the impact on the Company's operations would be low, although there would be an impact on its investors.

Substantial disposal of Ordinary Shares

The Directors and PDMRs of the Company, whose existing shareholdings together will amount to 56% of the Company's total Ordinary Shares following the Offering (assuming it is fully subscribed), have entered into so-called lock-up undertakings (the "Lock-up Undertakings"), pursuant to which they have agreed not to sell their respective existing holdings for a certain period following the first day of trading on Nasdaq First North Growth Market.

When the Lock-up Undertakings have expired, the affected shareholders are free to divest their Ordinary Shares. Future sales of large blocks of shares as well as disposals made by main shareholders, Directors and/or senior executives, or the perception that such sales may occur, could have a negative impact on the Company's share price.

The Company believes that the likelihood substantial disposal of Ordinary Shares is low. If materialised, the impact on the Company's operations would be low, although there would be an impact on its investors.

TERMS AND CONDITIONS FOR THE SECURITIES

General

The Company is a publicly traded limited liability company based in Jersey and the Company's Ordinary Shares are registered in a central securities depository ("CSD") system in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479). This register is managed by Euroclear. Thus, no physical share certificates are issued. The Company's Ordinary Shares are denominated in GBP, are issued to the holder and issued pursuant to the laws of Jersey. All of the Company's shares are fully paid, freely transferable and of the same share class. The Company's share capital is, as of the date of the Prospectus, GBP 31,277.92, and the number of shares is 63,187,460. Each share has a nominal value of GBP 0.000495. The ISIN code of the share is JE00BLD8Y945.

Certain rights associated with the Ordinary Shares

The rights associated with the Ordinary Shares issued by the Company, including the rights in accordance with the Articles of Association, may only be amended in accordance with the procedure laid out in Companies (Jersey) Law 1991 and any subordinate legislation from time to time made thereunder, including any statutory modifications or re-enactments for the time being in force ("Jersey Companies Law").

There is one (1) class of shares in the Company. Each Ordinary Share carries equal rights to the Company's assets and profits and carries one vote at a general meeting, equal rights to dividends and eventual surplus in the event of the Company's liquidation. When new Ordinary Shares are issued, the shareholders normally have a preferential right to the Ordinary Shares. However, the general meeting may decide on exceptions to the preferential right. Changes in shareholders' rights require resolution from the general meeting. The conditions for changing shareholders' rights correspond to what follows by Jersey Companies law. The shares are freely transferable, so there are no restrictions or reservations regarding the transferability of the shares.

Participation and voting rights at general meetings

Notices to attend general meetings are carried out via announcement to the Shareholders via the Company's website. Shareholders that want to attend the general meeting shall be registered in the share register managed by Euroclear five days before the general meeting and notify attendance to the general meeting to the Company at the latest on the day specified in the notice. Each Ordinary Share carries one vote at the general meeting. Each shareholder is entitled to vote for each Ordinary Share the shareholder owns in the Company.

Right to dividend balances in the event of liquidation

The right to dividend accrues to the person who is entered as holder of Ordinary Shares in the share register on the record date set by the general meeting. This register is kept by Euroclear. Dividends are normally paid as a cash amount per Ordinary Share through Euroclear's provision but can also be paid out in another form. If a shareholder cannot be reached, their claim regarding the amount of payment to the Company remains for ten years. At the end of the ten-year period, the dividend will accrue to the Company.

There are no restrictions on dividends being paid out to shareholders residing outside of Jersey with the exception for possible limitations following from the bank and clearing system. Payment of dividends to shareholders residing outside of Jersey are carried out in the same way as payments to shareholders residing in Jersey. Dividends on shares may be paid by the Company without withholding or deduction for or on account of Jersey income tax and shareholders of the Company (other than residents of Jersey) will not be subject to any tax in Jersey in respect of the holding, sale or other disposition of such Ordinary Shares.

The Company has no dividend policy and has so far not paid any dividends. Dividends are declared in accordance with the respective rights of the shareholders through a general meeting, but no dividend shall exceed the amount recommended by the Directors. Subject to the provisions of the Jersey Companies Law, the Directors may if they think fit from time to time pay to shareholders eligible to receive dividends on their shares such interim dividends as appear to be justified by the profits of the Company. Subject to the provisions of Jersey Companies Law, the Directors may also pay half-yearly, or at other suitable intervals to be settled by them, any dividend which may be payable at a fixed rate.

If the Company is wound-up, the Company may, with the sanction required by Jersey Companies Law, divide the whole or any part of the assets of the Company among the shareholders in-specie (whether or not such assets consist of property of one kind or different kinds). The liquidator or, where there is no liquidator, the Directors may, for that purpose, value any assets and determine how the division shall be carried out as between the shareholders or with the like sanction, vest the whole or any part of the assets of the Company in trustees for the benefit of the shareholders. However, no shareholder shall be compelled to accept any assets upon which there is a liability.

Central Securities Depository

The Ordinary Shares in the Company are affiliated with Euroclear's account-based securities system in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479). Shareholders that are registered in the share register and noted in the electronic securities system are entitled to all rights associated with the Ordinary Shares.

Decision regarding the Offering/Authorisation to issue shares

On 22 February 2021, the Board resolved to issue up to 3,364,403 new Ordinary Shares in respect of the Offering. Such board resolution being made in accordance with existing share allotment permissions contained within the Company's Articles of Association. The New Ordinary Shares covered by the Offering will be issued with the support of this decision.

Registration of the Offering with the JFSC

The Offering will be registered with the JFSC on or around 22 February 2021.

Public takeover bids

The Swedish Corporate Governance Board (Sw. Kollegiet för svensk bolagsstyrning) has issued rules regarding public takeover offers applicable when someone makes a public takeover offer to holders of shares issued by an issuer which are traded on a Swedish Multilateral Trading Facility, such as Nasdaq First North Growth Market (the "Nasdaq Takeover Rules"). Since the Company's Ordinary Shares will be traded on a Multilateral Trading Facility, and not on a regulated market, the Swedish Takeover Act (Sw. lag (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden) is not applicable.

The Nasdaq Takeover Rules stipulate that, if the Board of Directors or the managing director (if applicable) of the Company, based on information originating from a party who intends to launch a takeover bid in respect of the Ordinary Shares in the Company, has a well-founded reason to believe that such a bid is imminent or that such a bid has been launched, the Company shall only be entitled to take measures which are intended to impair the conditions for the launching or implementation of the takeover bid only following a resolution adopted by the general meeting. The Company is however allowed to seek alternative bids.

Furthermore, issuers whose financial instruments are traded on Nasdaq First North Growth Market in Sweden must comply with generally acceptable behaviour in the Swedish Securities market (Sw. God sed på aktiemarknaden). Generally acceptable behaviour is defined as the standard practice in the stock market for the behaviour of listed companies. Such standard practice could, for example, be expressed in the comments issued by the Swedish Securities Council (Sw. Aktiemarknadsnämnden) and recommendations from the Swedish Financial Reporting Board (Sw. Rådet för finansiell rapportering) and the Swedish Corporate Governance Board.

The Company's Ordinary Shares are not subject to any offers made because of an obligation to make a bid, squeeze out or redemption obligation. There have not been any public takeover bids regarding the Company's Ordinary Shares during the current or the previous financial year.

Tax matters in connection with the Offering

The tax regulation in the investor's home country and in the Company's country of registration, which is Jersey, may affect the eventual return on the securities. Investors are encouraged to consult their independent advisor regarding tax consequences that may arise in connection with an investment in the Company related to the Offering.

Shareholder regulatory obligations relating to Group company CoinShares Jersey Limited

No person can become a shareholder controller (as defined below) of any Jersey regulated company in the Group without first making an application to the JFSC pursuant to Article 14 of the FSJL seeking a confirmation from the JFSC that it has no objection to that person becoming a shareholder controller.

For these purposes a "shareholder controller" means a person who, either alone or with any associate or associates:

- (i) directly or indirectly holds 10% or more of the share capital issued by a Jersey regulated company;
- (ii) is entitled to exercise or control the exercise of not less than 10% of the voting power in a general meeting of a Jersey regulated company or of any other company of which it is a subsidiary; or
- (iii) has a holding in the Jersey regulated company directly or indirectly which makes it possible to exercise significant influence over the management of that company.

Given CSJL's regulated status, changes in the level of ownership of this entity will, dependent on the quantum of such change as noted below, require consultation with the JFSC. The Company does not have the same regulated status and is therefore only indirectly affected by the obligations through its stake in CSJL.

An application will also need to be made to the JFSC pursuant to Article 14 of the FSJL to seek a confirmation from the JFSC that it has no objection to the proportion of share capital or voting rights held by any shareholder controller of a Jersey regulated company reaching, exceeding or falling below 20%, 33% or 50%. A notification must also be made to the JFSC if a person ceases to be a shareholder controller.

As at the date of this Prospectus, CSJL is a wholly-owned subsidiary of the Company.

TERMS AND CONDITIONS FOR THE OFFERING

The Offering

The Offering is directed towards the general public in Sweden and institutional investors in Sweden and abroad. The Offering consists of a maximum of 3,364,403 New Ordinary Shares offered by CoinShares, corresponding to proceeds of approximately SEK 151.1 million in total. Provided that the Offering is fully subscribed, the Company will receive Net Funds amounting to a maximum of SEK 143.6 million. The share capital in the Company will increase by a maximum of GBP 1,665.38 and will amount to GBP 32,943.17 if the Offering is fully subscribed.

The issuer is CoinShares International Limited, corporate registration number 102185. The shares in the Offering are Ordinary Shares.

The Offering price

The Offering price is set to SEK 44.9 per Ordinary Share. The minimum subscription shall amount to 130 shares, corresponding to SEK 5,837. This corresponds to a valuation of the Ordinary Shares in the Company of SEK 2,837,116,954 before the completion of the Offering. The Offering price was determined by the Board in consultation with Mangold. Certain investors were invited to indicate their interest in subscribing for Ordinary Shares in the Company. The outcome of this procedure was that a number of investors, through an agreement with Mangold entered into around 29 January 2021, under certain conditions and at the same price as other investors, committed to acquire New Ordinary Shares in the Offering corresponding to a total of SEK 125.5 million. Hence, the Offering price is considered to be based on market demand. Furthermore, discussions between Mangold and the Company have been conducted regarding CoinShares' long-term business outlook, and the prevailing market conditions and market prices of other publicly traded companies with operations and businesses considered to be sufficiently similar to that of CoinShares, based on business sector participation, geography and size.

Application to subscribe for New Ordinary Shares

Application to subscribe for New Ordinary Shares in the Offering shall be made using a special application form. The application form shall be submitted to Mangold during the subscription period, from 23 February 2021 to 2 March 2021, to the address below. Completed application forms shall be received by Mangold no later than 2 March 2021, at 15:00 CET. Application forms distributed by ordinary mail should be sent in due time prior to the last day of the subscription period.

If multiple applications are submitted by the same subscriber, only the last registered application will be considered. Applications submitted too late, incomplete or using incorrectly completed application forms, may be ignored. Please note that applications are binding.

Mangold Fondkommission AB

Subject: CoinShares
Box 556 91
SE-102 15, Stockholm
Visiting address: Engelbrektsplan 2
E-mail: emissioner@mangold.se
Tel: +46 (8) 503 015 95

Those who apply for subscription of New Ordinary Shares must have a securities account or securities depository account with a bank or other securities institution to which allotted New Ordinary Shares may be transferred. The New Ordinary Shares can for instance be held by Avanza, Nordnet, Interactive Brokers or Saxo. Persons who do not have a securities account or equivalent must open one before the application form is sent to Mangold.

Please note that for those who wish to use securities account/ depository accounts with specific rules for security transactions, for example, an Investment Savings Account (Sw. Investeringsparkonto (ISK)) or Endowment Insurance (Sw. Kapitalförsäkring (KF)), must make the application in consultation with the bank or financial institution managing the account.

The application form is available at the Company's website <http://coinshares.com>, and on Mangold's website <http://mangold.se>.

Allotment

The allotment of New Ordinary Shares in the Offering will be based on demand, and the allotment will be determined by the Company's Board of Directors in consultation with Mangold.

The primary purpose of the allotment is to achieve the required distribution of ownership to the general public to ensure regular and liquid trading in the Company's Ordinary Shares, as well as achieving the desired amount of ownership among institutional investors. The allotment is not contingent on when the application is made during the subscription period, or if the subscription is applied for electronically or via application forms.

In the event of the Offering being oversubscribed, an investor may be allotted fewer Ordinary Shares than the number of Ordinary Shares applied for, or no Ordinary Shares at all. Allotment may be based in whole or in part on a random selection among subscribers. Customers of Mangold may be given priority in allotment.

Notification of allotment

Notification of any allotment of New Ordinary Shares is received via settlement notes, which are expected to be sent out to subscribers who have been allotted New Ordinary Shares on or around 4 March 2021. Subscribers who are not allotted any New Ordinary Shares will not be notified.

Payment

Allotted New Ordinary Shares shall be paid for according to instructions on the settlement note no later than three (3) business days following issuance of the settlement note. The expected settlement date is 9 March 2021. If payment is not settled on time, the New Ordinary Shares may be transferred to another party. If the subscription price of such transfer would be less than the subscription price in the Offering, the original subscriber may become liable for the difference.

Insufficient or incorrect payment

In case of excess payment, or if the Offering does not proceed, Mangold will arrange for the relevant amount to be repaid to the subscriber. No interest will be paid for the relevant amount.

Delivery of New Ordinary Shares

Delivery of New Ordinary Shares to the securities account or securities depository account indicated on the application form will take place upon completion of the Offering, which is expected to take place on or around 4 March 2021. Thereafter, the bank or another financial institution will give notice to the subscriber stating the number of New Ordinary Shares that have been registered in the recipient's securities account. Shareholders whose holdings are on a securities depository account in a bank or are nominee-registered will be notified in accordance with the procedures of the respective bank or nominee.

Announcement of the outcome of the Offering

The outcome of the Offering will be announced by the Company through a press release expected to be announced on or around 4 March 2021. The press release will be available on the Company's website <http://coinshares.com>.

General terms for completion of the Offering

The Offering is conditional upon: (i) that Mangold considers the interest in the Offering to be sufficient for satisfactory trading in the Company's Ordinary Shares; (ii) that Nasdaq approves the Board of Directors application for the Listing; and (iii) that no event occurs that would have such materially negative effect on the Company that it would be inappropriate to complete the Offering ("Material negative events"). Such Material negative events may, for example, be of economic, financial, or political nature and may relate to material negative events in Sweden as well as abroad. When determining if the interest in the Offering is sufficient for satisfactory trading in the Ordinary Shares, factors such as the number of received applications and the aggregate amount applied for will be taken into consideration. This assessment is made by Mangold. If the above-stated conditions are not fulfilled, the Offering may be cancelled. In that case, neither delivery of nor payment for New Ordinary Shares will be completed in conjunction with the Offering. If the Offering is cancelled, it will be announced through a press release as soon as possible, and received applications will be disregarded. If the interest in the Offering is not sufficient to meet this minimum requirement, the Offering will be withdrawn and the Company's Ordinary Shares will not be listed on Nasdaq First North Growth Market. Once trading in the Company's Ordinary Shares has commenced on Nasdaq First North Growth Market, the Offering cannot be retracted.

Listing on Nasdaq First North Growth Market

Nasdaq Stockholm AB has on 19 February 2021 assessed that the Company fulfills the listing requirements for Nasdaq First North Growth Market, subject to customary conditions, inter alia the distribution requirements for the Company's shares are met no later than on the first day of trading in the Company's Ordinary Shares. The Board intends to complete the application for admission to trading of the Company's Ordinary Shares on Nasdaq First North Growth Market and trading is expected to commence on 11 March 2021. The Company's Ordinary Shares will, subject to an approved application, be traded in SEK on Nasdaq First North Growth Market and under the ticker "COIN" and with the ISIN code JE00BLD8Y945.

Share loan agreement

In order to facilitate delivery of Ordinary Shares in connection with the Offering, Mognetti Partners Limited (controlled by the Company's CEO Jean-Marie Mognetti) and Mangold Fondkommission AB, have entered into a share loan agreement pursuant to which Mognetti Partners Limited lends up to 3,364,403 Ordinary Shares to Mangold Fondkommission AB for sale to investors in the Offering. A number of Ordinary Shares, corresponding to the number which is lent by Mognetti Partners Limited and sold to investors, will thereafter be issued by the Company in order to return the Ordinary Shares to Mognetti Partners Limited. Mognetti Partners Limited is not entitled to any compensation for lending the Ordinary Shares.

Entitlement to dividends

The offered New Ordinary Shares carry the right to dividends from the first dividend record date following Admission. Dividends, if any, are paid following a resolution by the shareholder's general meeting. The payment will be administered by Euroclear Sweden, or, in the case of nominee-registered holdings, by the nominee.

Subscription commitments

A number of external, private and institutional investors have committed to subscribe, under the same terms and price as other investors, for 2,794,949 New Ordinary Shares in total in the Offering, which corresponds to 83% of the total number of Ordinary Shares in the Offering and is equivalent to a total value of SEK 125.5 million. The subscription commitments are, in total, equivalent to approximately 4.2% of the total number of Ordinary Shares and votes in the Company immediately after the completion of the Offering. These subscription commitments will be prioritised in the allotment of New Ordinary Shares in the Offering. The subscription commitments do not entitle investors to any remuneration or other compensation. The subscription commitment were entered into on 12 February 2021. The table below presents the investors who have subscribed for 5% or more of the Offering as well as subscription commitments provided by members of the Board or Executive Management.

Name	Subscription commitment, SEK	Share of the Offering, %
Daniel Masters*	15,749,977.10	10.46
Mognetti Partners Limited**	15,749,977.10	10.46
Russell Newton	14,062,455.50	9.34
Vicim Limited	11,250,009.30	7.47
MKS (Switzerland) SA	8,333,305.30	5.53
Mangold Fondkommission AB	5,507,478.90	3.66
Frank Spiteri***	749,964.70	0.50
Graeme Dickson****	557,972.30	0.37

* Chairman of the Board

** The CEO owns 100 percent of the company

*** CRO

**** GGC

Dilution

Provided that the Offering is fully subscribed, the number of Ordinary Shares in CoinShares will increase by 3,364,403 from 63,187,460 to 66,551,863, which corresponds to a dilution of

approximately 5.1% of the total number of Ordinary Shares, votes and capital in issue as at the date of the Prospectus.

Costs

No costs will be imposed on investors in the Offering.

Lock-up Undertakings

Certain Board members and PDMRs, whose existing shareholdings together amount to 59.1% of the Company's total Ordinary Shares as at the date of this Prospectus, and 56.0% after the Offering (provided that it is fully subscribed), have entered into Lock-up Undertakings. Lock-up Undertakings have been entered into by all Directors, PDMRs and employees that hold shares in the Company, being Daniel Masters, Russell Newton, Jean-Marie Mognetti, Meltem Demirors and Frank Spiteri.

The terms of the Lock-up Undertakings stipulate that as shareholders, they commit to not sell their respective existing holdings for a period of 12 months following the first day of trading on Nasdaq First North Growth Market. There are no exceptions to the Lock-up Undertakings.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Board of Directors

As of the date of the Prospectus, the Board consists of four members, including the Chairman of the Board, elected up until the end of the 2021 AGM. According to the Company's

Articles of Association, the Board is to consist of not less than three and not more than ten board members, with no deputy members. All Board members and Executive Management can be contacted via the Company's address 2 Hill Street, St Helier, Jersey, Channel Islands, JE2 4UA.

Name	Position	Board member since	Independent in relation to:	
			Company and management	Major shareholders
Daniel Masters	Chairman	2008	No	No
Jean-Marie Mognetti	Board member (and CEO)	2014	No	No
Carsten Køppen	Non-Executive Director	2020	No	Yes
Johan Lundberg	Non-Executive Director	2020	Yes	Yes



Daniel Masters

Chairman of the Board of Directors (born 1963)

Education and experience: Bachelor of Science (Honours) in Physics from Exeter University and Master's degree in Management Science and Operational Research from Imperial College, London. Mr. Masters has more than 30 years of experience in energy trading. He was the Head of Global Energy Trading for Morgan Guaranty Trust Company (MGT), oversaw several of the trading and risk management functions at the Energy Division of Salomon, Inc., was involved in the establishment of the natural gas and electricity markets in the UK, completed some of the first forward contracts for electricity and was one of the first and most active participants in the market for Contracts for Difference (CFDs) in Europe.

Other material ongoing assignments: Director of: CB Limited, CommerceBlock Limited, CommerceBlock Holding Limited, Crypto Composite Limited, SatoshiPay Ltd, and Tezos Foundation.

Holdings: Mr. Masters holds 14,684,680 Ordinary Shares and no Share Options in the Company.



Jean-Marie Mognetti

Board Member (born 1984)

Education and experience: Bachelor in Economics and English from Université Paris X, Master's degree in Mathematical Trading and Finance from Sir John Cass Business School. Mr. Mognetti is an experienced commodities trader with a background and expertise in quantitative analysis, risk management and alpha-generation through macro commodity-oriented trading programs, including crypto-currencies. In addition to his role as CEO, Mr. Mognetti oversees the firm's proprietary trading arm, capital markets portfolio, and risk management practices, ensuring that the Group possesses the requisite infrastructure for strategy execution and regulatory compliance. Prior to joining CoinShares Mr. Mognetti was a quantitative strategist with the commodities division of Hermes Fund Managers.

Other material ongoing assignments: Director of: JFM & FK Management Services FZC, KTech Limited, Tactiques D'avant-Garde (Jersey) Limited, Komainu Holdings Limited.

Holdings: Mr. Mognetti holds 11,473,580 Ordinary Shares and 367,302 Share Options⁴⁴ in the Company.

⁴⁴ The Share Options have been issued based on the Company's incentive program for employees, which is described in further detail in the "Shareholder, legal and other information - Employee incentive program" section.



Carsten Køppen

Non-Executive Director (born 1964)

Education and experience: Mr. Køppen has 35 years financial services experience, including stock exchange equity trading, investment advisory, capital market debt and fixed income, alternative asset management and asset servicing. Specialist in corporate governance and best practices within the alternative investment fund industry. Mr. Køppen acts as an independent, regulated non-executive director and board member on various alternative investment structures and managers.

Other material ongoing assignments: Board member of Triton Investment Management Limited Jersey and Octopus Alternative Investment Fund Management Limited UK.

Holdings: Mr. Køppen holds no Ordinary shares and no Share Options in the Company.



Johan Lundberg

Non-Executive Director (born 1977)

Education and experience: Mr. Lundberg is founding partner of NFT Ventures: an early and growth-stage fund founded in 2014 to capture the opportunity in the transformation of banking and financial services. Mr. Lundberg is Chairman of the Board of Investment AB Stentulpanen., and a Member of the Boards of Betsson AB, Ölands Bank AB and Loomis AB.

Other material ongoing assignments: Chairman of the Board of Barcelona Opportunity AB (publ), Barcelona Development Corporation AB, Nft Growth 1 AB, PayGround AB, SoliFast Holding AB and Solifast Sagacity AB. Chairman of the Board and CEO of Solifast Sverige AB. Board member of Betsson AB, Fastighets AB Stentulpanen Stockholm, Kapitalförvaltnings AB Stentulpanen, Loomis AB, Nordic Collection AB, Nordkap AB, NFT Ventures Invest AB, NFT Ventures 1 AB, NFT Ventures CV 1 AB, Svolder AB, Swiftcourt AB and Ölands Bank AB. Deputy Board member and CEO of Investment AB Vildtulpanen and NFT Ventures AB.

Holdings: Mr. Lundberg holds no Ordinary Shares and no Share Options in the Company.

Executive Management

Name	Position	Employed since
Jean-Marie Mognetti	CEO	2011
Meltem Demirors	Chief Strategy Officer ("CSO")	2018
Frank Spiteri	Chief Revenue Officer ("CRO")	2020
Richard Nash	Chief Operating Officer ("COO")	2019
Graeme Dickson	Group General Counsel ("GGC")	2019



Jean-Marie Mognetti

CEO (born 1984)

Education and experience: See the description in the "Board of Directors" section.

Other material ongoing assignments: See the description in the "Board of Directors" section.

Holdings: See the description in the "Board of Directors" section.



Meltem Demirors

CSO (born 1987)

Education and experience: Bachelor of Arts in Mathematical Economics from Rice University and MBA with focus on Finance and Innovation from Sloan School of Management, Massachusetts Institute of Technology (MIT). Ms. Demirors has prior experience in the oil and gas industry in trading, corporate treasury and M&A roles. She helped build and grow Digital Currency Group, managing a portfolio of 120 companies and 4 subsidiaries, and is a founding member of the World Economic Forum Blockchain Council.

Other material ongoing assignments: Advisor to: Ocean Protocol and Shyft Network. Indirect GP Investor in Tetras. Indirect investor and Advisor to Blockdaemon and Casa. Limited partnership agreement with 3.0 Capital. Minority Owner of RGL LLC. Owner and Controller of Shiny Pony LLC and Shinier Ponies LLC.

Holdings: Ms. Demirors holds 2,778,020 Ordinary Shares and 183,649 Share Options⁴⁵ in the Company.



Frank Spiteri

CRO (born 1977)

Education and experience: ETP specialist with over 10 years' experience, as the former Head of Distribution and Capital Markets at Wisdom Tree. Prior to specialising in ETPs, he spent 11 years working as a trader with KBC Financial Products.

Other material ongoing assignments: None.

Holdings: Mr. Spiteri holds 585,060 Ordinary Shares and 1,944,600 Share Options⁴⁶ in the Company.



Richard Nash

COO (born 1984)

Education and experience: Master's degree in Sinology from School of Oriental and African Studies, University of London. Mr. Nash is a chartered accountant with 10 years of experience. He joined the Company from Cairn Financial Advisors where he acted as a Nominated Advisor to a number of listed companies, holding the status of Qualified Executive (as granted by the London Stock Exchange). Mr. Nash was formerly part of RSM UK Capital Markets Team, where he acted as reporting accountant to a number of listings.

Other material ongoing assignments: None.

Holdings: Mr. Nash holds no Ordinary Shares and 52,241 Share Options⁴⁷ in the Company.

⁴⁵ The Share Options have been issued based on the Company's incentive program for employees, which is described in further detail in the "Shareholder, legal and other information - Employee incentive program" section.



Graeme Dickson

GGC (born 1977)

Education and experience: Master's degree (Hons) in International Relations from University of St. Andrews and Post Graduate Diploma in Law from the University of Law, London. Mr. Dickson has 14 years of experience as an English qualified solicitor. He joined the Company from Aviva Plc. where he held the position of Senior Legal Counsel. Prior to that he held positions at Linklaters, White & Case, Bank of America and Standard Bank.

Other material ongoing assignments: None.

Holdings: Mr. Dickson holds no Ordinary Shares and 52,241 Share Options⁴⁸ in the Company.

Other information about the Board of Directors and the Executive Management

There are no family ties between any of the Board members or Executive Management. None of the Company's Board members or Executive Management have any private interests that could conflict with those of the Company. However, as described above, certain Board members and members of Executive Management have financial interests in the Company through their shareholdings and Share Options. None of the Board members or Executive Management have been chosen or elected as a result of a specific arrangement with major shareholders, customers, suppliers or other parties. None of the Board members or Executive Management have over the past five years, been, (i) convicted in fraud-related court cases, (ii) represented a company that has been declared bankrupt or that has involuntarily entered into liquidation, (iii) officially bound to and/or sanctioned for an offense by regulatory or supervisory authorities (including recognised professional associations), or (iv) prohibited by an authority or court from being a member of a company's administrative, management or supervisory body or from exercising executive or overarching functions of a company.

Additional Information on the Group Finance Function

The COO of the Group is responsible for oversight of the various support functions of the Group and is ultimately responsible for the Group's finance function, ensuring that the financial information and reporting is carried out in accordance with current regulations. The COO's role in the Group finance function therefore encompasses:

- Coordination and responsibility for the Group's finance function;
- Ongoing analysis and evaluation of the Group's financial control environment and operational efficiency;
- Preparation of the Group management accounts, budgets and forecasts;
- Ongoing reporting on the Group's financial position to the Board;
- Preparation of monthly reports that are presented to the Board;
- Preparation of quarterly reports per company and business unit that are presented to the Board;
- Responsibility for the preparation and publication of the Group's interim reports and annual reports and for ensuring that these meet legal and regulatory requirements;
- Presentation of interim reports and annual reports prior to the Board's decision on approval;
- Analysis and evaluation of the financial aspects of existing and prospective commercial opportunities for the Group;
- Liaison with regulatory bodies/counterparties in relation to all financial matters of the Group.

The majority of the Group's finance function is based in Jersey and, including the COO, comprises five individuals (three chartered accountants and two part-qualified accountants). The wider Group also contains two additional chartered accountants sitting within the trading team and the compliance function who contribute to the work of the finance function on an ad-hoc basis in relation to trading and compliance matters, respectively.

⁴⁶ The Share Options have been issued based on the Company's incentive program for employees, which is described in further detail in the "Shareholder, legal and other information - Employee incentive program" section.

⁴⁷ The Share Options have been issued within the framework of the Company's incentive program for employees, which is described in further detail in the "Shareholder, legal and other information - Employee incentive program" section.

⁴⁸ The Share Options have been issued within the framework of the Company's incentive program for employees, which is described in further detail in the "Shareholder, legal and other information - Employee incentive program" section.

Remuneration to the Board of Directors, CEO and Executive Management

Remuneration to the Board of Directors 2020

The table below presents the remuneration (inclusive of any bonus payments made) during the 2020 financial year to Board members and the CEO.

Name	Position	Salary (GBP)	Bonus payments (GBP)	Pension costs (GBP)
Jean-Marie Mognetti	Executive Director	nil	nil	nil
Daniel Masters	Chairman	200,000	150,000	nil
Johan Lundberg	Non-Executive Director	N/A	N/A	N/A
Carsten Køppen	Non-Executive Director	N/A	N/A	N/A

The Board members of the Company are not entitled to any benefits after their resignation as members of the Board of Directors. It is noted that all remuneration received by Jean-Marie Mognetti is in respect of his duties as CEO of the Group; no additional amounts are paid in respect of his position on the Board.

Johan Lundberg and Carsten Køppen joined the Board during December 2020, and as such received no remuneration over the course of the financial year.

At present, the remuneration of the Board of Directors is to be determined on an annual basis by the Board as a whole, with the process being led and chaired by the Non-Executive Board members. The Company will monitor the requirement for the establishment of a formal remuneration committee in order to determine appropriate levels of remuneration for Board members. Should such a committee be introduced, it will be chaired and led by the Non-Executive contingent of the Board. The Company has not yet decided on any remuneration for the Board of Directors for 2021.

Remuneration to the Executive Management 2020

The table below presents the remuneration (inclusive of any bonus payments made) during the 2020 financial year to the Executive Management.

Name	Position	Salary (GBP)	Bonus payments (GBP)	Pension costs (GBP)	Share options (no. of options)
Jean-Marie Mognetti	CEO	245,000	150,000	nil	367,302
Meltem Demirors	CSO	184,615	100,000	nil	183,649
Frank Spiteri*	CRO	168,137	500,000	656	1,944,600
Richard Nash	COO	151,977	25,000	1,314	52,241
Graeme Dickson	GGC	182,811	nil	1,314	52,241

*Bonus payments made to Executive Management during 2020 include amounts paid in respect of joining bonuses in addition to amounts paid in respect of annual bonuses.

Remuneration for the Executive Management team (excluding the CEO) is determined by the Board on an annual basis. The remuneration of the CEO is determined by the Chairman and Non-Executive Directors on an annual basis.

The Company has adopted a bonus system of allocating up to a certain percentage of the Group's annual total comprehensive income towards an annual cash bonus pool for all staff, inclusive of Executive Management. A maximum of 6 percent of the Group's annual total comprehensive income is allocated towards the cash bonus pool. Any bonus is paid out in March each year and is based on the performance of the Group and individual employees during the previous year. The Board decides the share of the annual total comprehensive income that will be allocated. Furthermore, the Board decides on the share that will be allocated to the Executive Management and other staff. Due to Jean-Marie Mognetti's role as CEO of the Group, he does not participate in the Board's decision relating to his own bonus payment for his role in the Executive Management team. The share allocated to other staff is then divided between each business unit according to a decision

from the Board. The heads of each respective business unit then decide how the bonus is to be allocated to the staff within their respective business unit, subject to final approval from the Board which ultimately monitors all decisions made in relation to bonus payments.

In addition, the Company may elect to offer remuneration in the form of share option awards to its staff base in order to incentivise and retain key individuals within the organisation. These awards will be made in accordance with the terms of the Group's share option scheme ("EIP"), as described in the "Shareholder, Legal and Other Information" section of this Prospectus.

The Company will monitor the requirement for the establishment of a formal remuneration committee in order to determine appropriate levels of remuneration for Executive Management, in addition to the approach adopted by the Group in respect of bonus payments. Should such a committee be introduced, it will be chaired and led by the Non-Executive contingent of the Board.

FINANCIAL INFORMATION AND KEY FIGURES

This section presents selected financial information for the Company, at a group level for the financial years ending 31 December 2019 and 2018, respectively (audited), as well as the nine-month interim period ending 30 September 2020 and 2019, respectively (unaudited, but subject to a review opinion in accordance with FRS 104).

The consolidated accounts comprise the parent company CoinShares International Limited and the subsidiaries in which the parent company directly or indirectly holds more than 50% of the votes or otherwise has a controlling influence. The consolidated accounts have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The accounts are presented in Pound sterling and the amounts are given in GBP.

The financial information is incorporated by reference in accordance with what is stated in the “Documents incorporated by reference” section.



Consolidated income statement

GBP	Unaudited		Audited	
	1 January 2020 – 30 September 2020	1 January 2019 – 30 September 2019	1 January 2019 – 31 December 2019	1 January 2018 – 31 December 2018
Revenue	11,302,458	8,320,967	11,330,571	10,549,384
Gross profit	11,302,458	8,320,967	11,330,571	10,549,384
Administrative expenses	(9,928,508)	(6,962,734)	(9,283,643)	(10,927,373)
Other operating income	159,867	396,977	529,302	4,810,667
Intercompany collateral (expense)/income	(239,185,944)	(194,473,476)	(118,108,035)	557,895,875
Realised gains/(losses) on digital assets	50,127,892	31,395,774	53,554,966	(37,907,497)
Operating profit	(187,524,235)	(161,322,492)	(61,976,839)	524,421,056
Realised gain/loss on investments	1,820,830	(503,324)	(405,266)	(1,073,954)
Profit before interest and taxation	(185,703,405)	(161,825,816)	(62,382,105)	523,347,102
Finance income	2,194,132	698,318	931,091	692,912
Finance expense	(820,545)	(303,150)	(404,200)	(84,765)
Profit/(loss) before taxation	(184,329,818)	(161,430,648)	(61,855,214)	523,892,249
Taxation	(203,956)	(201,388)	(268,517)	(230,015)
Profit/(loss) after taxation	(184,533,774)	(161,632,036)	(62,123,731)	523,662,234
Other comprehensive income				
Currency translation differences	992,210	(2,204,285)	(1,427,740)	1,772,698
Fair value gain/(loss) on digital assets	197,841,141	168,940,753	72,466,724	(511,029,128)
Unrealised (loss)/gain on investments	-	(1,011)	(1,011)	1,011
Total other comprehensive income	198,833,351	166,735,457	71,037,973	(509,255,419)
Total comprehensive income for the year	14,229,577	5,103,421	8,914,242	14,406,815
Total comprehensive income attributable to				
Owners of the parent	13,330,151	4,291,691	7,948,386	14,819,725
Non-controlling interests	969,426	811,730	965,856	(412,910)

Consolidated balance sheet

	Unaudited As at 30 September 2020	Audited As at 31 December 2019	Audited As at 31 December 2018
Assets			
Non-current assets			
Property, plant and equipment	366,289	375,728	213,834
Intangible assets	19,241	6,870	-
Investments	6,597,126	5,585,049	6,158,252
Long term receivables	327,664	322,678	14,539
	7,310,320	6,290,325	6,386,625
Current assets			
Trade and other receivables	58,388,930	27,010,628	9,349,766
Digital assets	728,241,547	427,524,070	217,520,651
Cash and cash equivalents	14,726,945	4,124,252	32,896,992
	801,357,422	458,658,950	259,767,409
Total Assets	808,667,742	464,949,275	266,154,034
Liabilities			
Current liabilities			
Trade payables and other liabilities	(748,691,654)	(419,340,004)	(227,468,687)
Current tax liabilities	(333,043)	(265,803)	(41,514)
	(749,024,697)	(419,605,807)	(227,510,201)
Net current assets/(liabilities)	52,332,725	39,053,143	32,257,208
Net assets	59,643,045	45,343,468	38,643,833
Equity			
Share capital	2,214,801	2,214,801	2,214,236
Share premium	110,610	110,610	110,610
Other reserves	213,366,931	168,812,966	104,322,050
Retained earnings	(156,049,297)	(125,794,909)	(68,003,063)
Total equity	59,643,045	45,343,468	38,643,833
Equity attributable to the owners of the parent	58,058,509	44,728,358	37,725,503
Non-controlling interests	1,584,536	615,110	918,330
Total equity	59,643,045	45,343,468	38,643,833

Key figures & KPIs

Some of the key figures presented below can not be derived from the statement of comprehensive income for the Group due to its preparation under FRS102. In particular, the trading gains, which provide the most accurate measurement of the performance of the CoinShares Capital Markets business unit, are not all separately disclosed and sit within, predominately, the fair value gain/(loss) on digital assets.

The key ratios, as defined by CoinShares, should not be compared with key ratios which are denominated the same by other companies as the definitions may differ. The tables below show certain key figures & KPIs for the 2018 and 2019 fiscal years, as well as for the period January – September 2019 and 2020. The information in these tables has not been audited.

GBP (unless otherwise stated)	1 January 2020 – 30 September 2020	1 January 2019 – 30 September 2019	1 January 2019 – 31 December 2019	1 January 2018 – 31 December 2018
Management fees	11,302,458	8,320,967	11,330,571	10,549,384
Trading gains	11,137,088	6,957,335	9,373,037	14,400,840
Comprised of:				
Liquidity Provision	2,394,009	1,816,538	2,265,541	8,212,467
Proprietary Trading	5,843,684	4,000,998	5,394,728	747,794
Fixed Income	2,194,132	698,318	931,091	629,912
Other	705,263	441,481	781,677	4,810,667
Administrative expenses	(9,860,385)	(6,857,542)	(9,125,853)	(10,884,307)
EBITDA	14,399,991	7,917,436	11,172,489	12,991,963
EBITDA margin (%)	64%	52%	54%	52%
Total comprehensive income	14,229,578	5,103,421	8,914,242	14,406,815
BTC held by the Group (no.)	70,185	67,136	58,161	70,185
Share of Total BTC in circulation (%)	0.38%	0.37%	0.33%	0.38%
ETH held by the Group (no.)	655,211	621,678	517,427	655,211
Share of Total ETH in circulation (%)	0.58%	0.57%	0.50%	0.58%
BTC (SEK) note inflow (no.)	2,946	3,766	5,105	8,823
BTC (SEK) note outflow (no.)	(5,903)	(2,399)	(3,386)	(14,868)
BTC (SEK) net flow (no.)	(2,957)	1,367	1,719	(6,045)
BTC (EUR) note inflow (no.)	10,235	11,701	13,402	7,450
BTC (EUR) note outflow (no.)	(4,234)	(4,760)	(6,148)	(6,293)
BTC (EUR) net flow (no.)	6,001	6,941	7,254	1,157
ETH (SEK) note inflow (no.)	81,821	41,773	49,933	129,930
ETH (SEK) note outflow (no.)	(80,960)	(20,967)	(31,771)	(96,640)
ETH (SEK) net flow (no.)	861	20,806	18,162	33,290
ETH (EUR) note inflow (no.)	174,043	152,758	190,463	197,909
ETH (EUR) note outflow (no.)	(141,365)	(93,721)	(104,346)	(81,965)
ETH (EUR) net flow (no.)	32,678	59,036	86,117	115,944



Derivation of Key figures

EBITDA, EBITDA margin and Total Comprehensive Income

The annual report of the Group is prepared under FRS 102. The classification of digital assets under FRS 102 as intangible assets results in the majority of the gains generated from the Group's trading activities (with the exception of interest income) being recognised within other comprehensive income, together with significant movements arising from the Group's digital asset holdings in respect of the ETPs.

The table below discloses these trading gains separately in order to provide more clarity over the performance of the trading activities of the Group and reconciles these amounts back to the audited total comprehensive income of the Group over the review period.

GBP	Unaudited			
	1 January 2020 – 30 September 2020	1 January 2019 – 30 September 2019	1 January 2019 – 31 December 2019	1 January 2018 – 31 December 2018
+Management fees	11,302,458	8,320,967	11,330,571	10,549,384
+Trading gains	11,137,088	6,957,335	9,373,037	14,400,840
Total	22,439,546	15,278,302	20,703,608	24,950,224
+Administrative expenses	(9,860,385)	(6,857,542)	(9,125,853)	(10,884,307)
+Gain/(loss) on investment	1,820,830	(503,324)	(405,266)	(1,073,954)
=EBITDA	14,399,991	7,917,436	11,172,489	12,991,963
/Total				
=EBITDA margin	64%	52%	54%	52%
+Taxation	(203,956)	(201,388)	(268,517)	(230,015)
+Depreciation	(68,123)	(105,192)	(157,788)	(43,066)
+Interest expense	(820,545)	(303,150)	(404,201)	(84,765)
+Currency translation	992,210	(2,204,285)	(1,427,740)	1,772,698
=Total comprehensive income	14,299,577	5,103,421	8,914,242	14,406,815

Composition of Trading Gains

The table below shows a breakdown of the activities that are collectively classed as Trading gains in the EBITDA calculation above.

GBP	Unaudited			
	1 January 2020 – 30 September 2020	1 January 2019 – 30 September 2019	1 January 2019 – 31 December 2019	1 January 2018 – 31 December 2018
+Liquidity Provision	2,394,009	1,816,538	2,265,541	8,212,467
+Proprietary Trading	5,843,684	4,000,998	5,394,728	747,794
+Fixed Income	2,194,132	698,318	931,091	629,912
+Other	705,263	441,481	781,677	4,810,667
=Trading gains	11,137,088	6,957,335	9,373,037	14,400,840

Group AUM vs Total Crypto Market Cap

The table below presents a comparison between the quantum of BTC and ETH held by the Group at each period end in comparison to the total number of BTC and ETH currently in circulation.

BTC/ETH	As at 30 September 2020	Unaudited	
		As at 31 December 2019	As at 31 December 2018
BTC held by the Group	70,185	67,136	58,161
/Total BTC in circulation*	18,504,000	18,132,000	17,454,000
=Share of Total BTC	0.38%	0.37%	0.33%
ETH held by the Group	655,211	621,678	517,427
/Total ETH in circulation**	112,820,994	109,094,019	104,124,058
=Share of Total ETH	0.58%	0.57%	0.50%

*Blockchain.com/charts/total-bitcoins, figures rounded to nearest thousand for BTC

** Figures as per Etherscan.io

BTC & ETH Inflow

The table below presents the amount of inflow/outflow seen in relation to the BTC and ETH products issued under the Existing Note Program.

BTC	1 January 2020 – 30 September 2020	1 January 2019 – 30 September 2019	Unaudited	
			1 January 2019 – 31 December 2019	1 January 2018 – 31 December 2018
+BTC (SEK) note inflow	2,946	3,766	5,105	8,823
+BTC (SEK) note outflow	(5,903)	(2,399)	(3,386)	(14,868)
=BTC (SEK) net flow	(2,957)	1,367	1,719	(6,045)
+BTC (EUR) note inflow	10,235	11,701	13,402	7,450
+BTC (EUR) note outflow	(4,234)	(4,760)	(6,148)	(6,293)
=BTC (EUR) net flow	6,001	6,941	7,254	1,157

200 SEK notes = 1 BTC

20 EUR notes = 1 BTC

ETH	1 January 2020 – 30 September 2020	1 January 2019 – 30 September 2019	Unaudited	
			1 January 2019 – 31 December 2019	1 January 2018 – 31 December 2018
+ETH (SEK) note inflow	81,821	41,773	49,933	129,930
+ETH (SEK) note outflow	(80,960)	(20,967)	(31,771)	(96,640)
=ETH (SEK) net flow	861	20,806	18,162	33,290
+ETH (EUR) note inflow	174,043	152,758	190,463	197,909
+ETH (EUR) note outflow	(141,365)	(93,721)	(104,346)	(81,965)
=ETH (EUR) net flow	32,678	59,036	86,117	115,944

100 SEK notes = 1 ETH

10 EUR notes = 1 ETH

KPI Definitions

Key Terms	Definition	Purpose
Management fees	Revenue generated by the issuance of ETPs in the form of a management fee	Used to measure the Group's revenue in the form of management fees from the issuance of ETPs.
Trading gains	Gains generated by the trading activities of CSCM, classified predominantly as other comprehensive income under FRS 102	Used to measure the Group's gains from trading activities.
Administrative expenses	All costs incurred by the Group, exclusive of fluctuations in the prices of underlying digital assets impacting the P&L, interest charges, depreciation, amortisation and taxation	Used to measure the running costs of the Group.
EBITDA	Earnings before interest charges, taxation, depreciation and amortisation	Used to measure the performance of the Group.
EBITDA (%)	EBITDA represented as a % of the combined total of management fees, trading revenues and any other income generated by the Group	Used to measure the performance of the Group as a % of management fees, trading revenues and other income.
Liquidity Provision	Gains generated from liquidity provision in respect of the notes issued under the Existing Note Program	Used to measure the gains from the Group's liquidity provision.
Proprietary Trading	Gains generated by statistical arbitrage and other strategies implemented by the trading team	Used to measure the Group's gains from the Group's proprietary trading.
Fixed Income	Digital asset fixed income activities undertaken in order to generate returns for the Group in the form of interest yield	Used to measure the gains from the Group's trading activities on the fixed income market for digital assets.
Other	Other trading gains generated by the CSCM team, inclusive of one-off gains from air-drops (2018) and fork income (2018)	Used to measure the gains from the remaining trading activities undertaken by the Group
Total comprehensive income	The Group's net income	Used for measurement of the net income for the entire Group and is the most representative measure of the Group's performance.
BTC held	Total physical BTC held by the Group	Used to measure the quantum of BTC under management by the Group.
Total BTC in circulation	Total amount of BTC in circulation at a given point in time	Used to calculate the Group's BTC holdings as a % of the total BTC in circulations.
ETH held	Total physical ETH held by the Group.	Used to measure the quantum of ETH under management by the Group
Total ETH in circulation	Total amount of ETH in circulation at a given point in time	Used to calculate the Group's ETH holdings as a % of the total ETH in circulations.
BTC Note inflow	New BTC notes issued under the Existing Note Program, denominated in either SEK/EUR, tracking the performance of BTC	Used to measure the number of new BTC notes issued.
BTC Note outflow	BTC notes redeemed under the Existing Note Program, denominated in either SEK/EUR, tracking the performance of BTC	Used to measure the number of BTC notes redeemed.

Key Terms	Definition	Purpose
Net BTC Note flow	The net flow over a given time period of BTC notes issued under the Existing Note Program, denominated in either SEK/EUR, tracking the performance of BTC	Used to measure the net flow of the BTC notes.
ETH Note inflow	New ETH notes issued under the Existing Note Program, denominated in either SEK/EUR, tracking the performance of ETH	Used to measure the number of new ETH notes issued.
ETH Note outflow	ETH notes redeemed under the Existing Note Program, denominated in either SEK/EUR, tracking the performance of ETH	Used to measure the number of ETH notes redeemed.
Net ETH Note flow	The net flow over a given time period of ETH notes issued under the Existing Note Program, denominated in either SEK/EUR, tracking the performance of ETH	Used to measure the net flow of the ETH notes.

Significant changes to the Company's financial position from 30 September 2020 to the date of the Prospectus

There have been a number of recent changes to the Group structure which have been reflected in the Prospectus accordingly. The financial impact of these changes however, is not reflected within the audited annual reports of the Group, nor the interim unaudited financial information for the period ended 30 September 2020.

The key changes which have resulted in a significant change to the Company's financial position since 30 September 2020 are summarised as follows:

- The Company increased its level of ownership in CSHL from 90% to 100% on 20 November 2020. This resulted in CSHL becoming a wholly-owned entity of the Group, as is correctly reflected in the Group structure within the Prospectus. Minority shareholders in CSHL were granted Ordinary Shares in the Company in consideration for the acquisition. Certain of these individuals are PDMRs of the Group, and therefore this transaction has also been included within the "Related party transactions" section.

Impact on the financials – going forward there will be no element of comprehensive income owing to non-controlling interests.

- On 2 November 2020, the Company de-merged GABI Ventures Limited, one of its former wholly-owned entities, from the Group. GABI Ventures Limited held a number of passive investments, which are reflected on the balance sheet of the Group within the figures presented within the Prospectus and also the financial information incorporated by reference.

Impact on the financials – the removal of GABI Ventures Limited will result in a reduction to the quantum of investments held on the Group balance sheet. As at 30 September 2020, the value of investments held attributable to GABI Ventures was £5,515,627 (31 December 2019: £4,456,196).

- On 15 October 2020 the Company elected to repay all holders of liquidation preference shares in issue, representing 218,598,563 shares with a value of GBP 0.01 each, resulting in a repayment of GBP 2,185,986. Following this repayment, and the GABI Ventures de-merger outline above, the Company executed a 20:1 share split on 16 November 2020.

Impact on the financials – the restructuring activities as outlined above have resulted in the issued share capital of the Company reducing from 2,214,801 GBP to 31,277.79 GBP. The number of shares in issue following the repayment of the liquidation preference shares and subsequent share split decreased from 221,480,134 Ordinary Shares to 63,187,460 Ordinary Shares. Additionally the Company now has only one class of share.

Dividend policy

The Company does not have a dividend policy in place and has of the date of the Prospectus never paid a dividend to its shareholders. The Company is currently in an expansion phase, and any profit is planned to be re-invested in the continued Company development, and therefore no dividend is expected to be paid in the next few years.

SHAREHOLDER, LEGAL AND OTHER INFORMATION

Ordinary Shares and share capital

As at 30 September 2020, the Company's share capital amounted to GBP 2,214,801, and the number of Ordinary Shares in issue was 221,480,134. Subsequent to the interim financial period ending 30 September 2020, certain actions have been taken which have resulted in a change to the issued share capital and number of Ordinary Shares, as covered within "Significant changes of the Company's financial position from 30 September 2020 to the date of the Prospectus".

The Company's share capital is, as of the date of the Prospectus, GBP 31,277.79, and the number of Ordinary Shares in issue 63,187,460. Each Ordinary Share has a nominal value of GBP 0.000495. The ISIN code of the Ordinary Shares is JE00BLD8Y945.

If the Offering is fully subscribed, the share capital will be GBP 32,943.17 represented by 66,551,863 shares. Each Ordinary Share will have a nominal value of GBP 0.000495. The Company's Ordinary Shares will be traded in SEK under the ticker COIN on Nasdaq First North Growth Market.

The Ordinary Shares are governed by the laws of Jersey and are issued in GBP. All Ordinary Shares of CoinShares are of the same share class, carry one vote at the general meetings and are fully paid and freely transferable and denominated in GBP.

Ownership Structure

The table below lists all shareholders who held more than 5% of the capital and voting shares in the Company as at the date of this Prospectus. The Company is not directly or indirectly controlled by any party.

Name	Number of Ordinary Shares held	% share of votes and capital
Daniel Masters	14,684,680	23.2
Mognetti Partners Limited ⁴⁹	11,473,580	18.2
Russell Paul Newton	7,995,000	12.7
AH (St Helier) Limited	5,484,580	8.7
ALCC Holdings, LLC	5,484,540	8.7
Total shareholders over 5%	45,122,380	71.5
Remaining shareholders below 5%	18,065,080	28.5
Total	63,187,460	100.0

Shareholders' agreement

The Board of the Company is not aware of any shareholders' agreement or any other understanding or similar agreements between the Company's shareholders intended to exercise joint control of the Company. Neither is the Company aware of any agreement or arrangement that would lead to a change of control in the Company.

Incentive programs

As of the date of the Prospectus, the Company has, except for the employee incentive program ("EIP") disclosed below, no outstanding incentive or share option programs. The EIP has been prepared in accordance with relevant laws.

Employee incentive program

On 25 October 2019 the board of directors of CSHL, a Group Company, resolved on an incentive program that was approved by CSHL's shareholders on 29 October 2019. During March 2020, warrants were issued based on the terms for the incentive program for employees.

The Share Options issued under the incentive program for employees in CSHL were transferred to the Company on 24 November 2020 on the same terms as Share Options granted at the CSHL level. The number of Share Options issued were adjusted in connection with the transfer in order to ensure the recipient received Share Options corresponding to the number which were initially issued (taking the conducted share split

into account). The strike price was adjusted accordingly. Following the transfer of the Share Options from CSHL to the Company, no options exist in CSHL.

The EIP is governed by general terms and conditions and individual share option agreements with the holders of the share options.

Share Options issued under the EIP

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

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

The following terms apply to all 2,995,920 Share Options:

- Each Share Option gives the Share Option holder the right to subscribe for one Ordinary Share in the Company;
- The Share Options were issued free of charge; and
- The subscription price (strike price) for each Ordinary Share amounts to GBP 1.43, equivalent to the fair market value

⁴⁹ Jean-Marie Mognetti owns 100% of Mognetti Partners Limited.

of one Ordinary Shares at issuance (adjusted accordingly following the transfer to CSIL) and as determined by a third party valuation specialist.

If all Share Options issued in the Company are exercised for subscription of Ordinary Shares, the maximum dilution amounts to approximately 4.68 percent of the number of outstanding Ordinary Shares as of the date of the Prospectus.

Upcoming issuance of Share Options

The Articles of Association of the Company allow for the issuance of Share Options that do not, in aggregate, exceed 15% of the total number of outstanding Ordinary Shares. On 22 September 2020, the shareholders of the Company resolved to authorise the Board of Directors in the three years from the date of adoption of the Articles of Association (16 November 2020), to issue Share Options that do not, in aggregate, exceed 15% of the total number of outstanding Ordinary Shares.

The Board has decided to grant certain individuals within the Executive Management team and other employees a total of 183,489 Share Options (0.29% of the Company's outstanding Ordinary Shares as at the date of the Prospectus) in connection with the admission to trading on Nasdaq First North Growth Market. These Share Options will be awarded under the Group's EIP and will be exercisable within three years from issuance at the Offering price. The Share Options will be issued free of charge.

If all Share Options held by Share Option holders are exercised for subscription of Ordinary Shares (including those Share Options awarded upon Admission), the maximum dilution amounts to approximately 4.97% of the number of outstanding Ordinary Shares as at the date of the Prospectus.

Legal and arbitration proceedings

Other than disclosed within this Prospectus, the Company is not aware of any pending or threatened litigation or disputed claims, arbitration, government, administrative or regulatory cases, policies or factors which have had or which, in the opinion of the Company, may reasonably be expected to have a material impact on the Company's business, reputation, financial position or results of operations during the last twelve months.

Peak acquisition – SFSA Approval

Peak is a Swedish securities company regulated by the SFSA and its acquisition must be approved by the SFSA in accordance with Chapter 24 Section 1 of the Securities Market Act (SFS 2007:528) (the "SMA"). One of the stipulations under the SMA is that the acquirer must show that it is able to exert sufficient influence over the management of the target. The Company sought such approval from the SFSA on 31 October 2019. On 2 March 2020 the SFSA refused to approve the Company's request on the grounds that the Company had not sufficiently established that they could exercise the requisite influence over the management of the Peak. The Company expects to reapply to the SFSA in early 2021 and entered into the Amended Peak SPA on 29 December 2020 to extend the expiry date for the transaction to complete to 30 June 2021.

Insurance

In the Board of Directors' assessment, the Company's current insurance coverage is adequate in regard to the nature and scope of its operations.

Related party transactions

Related parties are all subsidiaries within the Group and all company representatives within the Group (meaning the Board, Executive Management and their family members), and entities / JVs in which the Group holds a significant interest. Transactions with related parties relate to transactions made by these individuals or entities with the Group. All transactions with related parties and all agreements, as described below, have been entered into on market terms.

Financial year ended 31 December 2018

During the period 1 January until 31 December 2018, related-party transactions amounted to GBP 5,161,483, which corresponded to 49% of the Group's revenue, being amounts classified as revenue under FRS 102 and thus excluding fair value gains / gains on sale of digital assets generated by the activities of the Group.

This amount can be further analysed as follows:

- Amounts of GBP 198,519 were accrued in relation to management fees due to the Group from CoinShares Fund 1, in accordance with the terms of a Limited Partnership Agreement between CoinShares General Partner Limited, CoinShares (Holdings) Limited and JTC Fund Solutions (Jersey) Limited, dated 23 June 2017. Under the terms of the agreement CoinShares General Partner Limited received a fee from the fund for acting as its general partner. As CoinShares Fund I LP has now been terminated, this agreement is no longer in place and the Group will not receive further fees under the terms of this agreement.
- Amounts of GBP 206,334 (plus accrued interest at 4% per annum) were received during March 2018 from a former director of CSHL, Russell Newton. These amounts were received as full repayment of a loan, as outlined within a formal loan agreement between Russell Newton and the CSCM dated 17 October 2017. This agreement was terminated upon repayment of the outstanding amounts by Russell Newton.
- Amounts of GBP 17,772 were incurred by the Group in respect of expenditure settled on behalf of CoinShares Fund 1, representing set-up and other costs in accordance with the terms of a Limited Partnership Agreement between CoinShares General Partner Limited, CoinShares (Holdings) Limited and JTC Fund Solutions (Jersey) Limited in relation to CoinShares Fund 1, dated 23 June 2017. These amounts were settled by CoinShares General Partner Limited. As CoinShares Fund I LP has now been terminated, this agreement is no longer in place and the Group will not incur further amounts under the terms of this agreement.
- Amounts of GBP 116,152 were incurred by the Group in respect of expenditure settled on behalf of Komainu, a JV of the Group of which the CoinShares CEO, Jean-Marie Mognetti, is a director and shareholder. This represents set up costs for the JV incurred prior to the establishment of a formal shareholders agreement on 16 August 2019. Expenses of this nature will not be incurred moving forward as Komainu is now financially independent from its shareholders.
- Amounts of GBP 2,971,065 were incurred by the Group on behalf of Artos Systems Limited (GBP 2,821,679), Glint Limited (GBP 141,184) and Gradbase Limited (GBP 8,202) during the course of 2018. These loans were repaid to the Group prior at the end of the financial year 2018. The entities formed part of the GABI Ventures portfolio and were thus related parties to the Group. GABI Ventures was

removed from the Group on 2 November 2020, see the section “Significant changes of the Company’s financial position after 30 September 2020 until the date of this Prospectus”, As such, loans to, or expenses incurred on behalf of, venture companies such as these will not be incurred moving forward.

- Amounts of GBP 1,657,975 were paid by the Group to Pursuit Capital Limited, a former shareholder of CSHL, in respect of amounts due from the management fee of the Existing Note Program, governed by a Collaboration and Services Agreement dated 29 February 2018 between Pursuit Capital Limited and CSUK. The ultimate beneficial owner of Pursuit Capital Limited was, at the time of the transaction, a director of certain entities within the Group. This agreement has been terminated and therefore these costs are no longer ongoing.

Financial year ended 31 December 2019

During the period 1 January 2019 until 31 December 2019, related-party transactions amounted to GBP 1,247,484 which corresponded to 11% of the Group’s revenue, being amounts classified as revenue under FRS 102 and thus excluding fair value gains / gains on sale of digital assets generated by the activities of the Group.

This amount can be further analysed as follows:

- Amounts of GBP 158,040 were accrued in relation to management fees due to the Group from CoinShares Fund 1, in accordance with the terms of a Limited Partnership Agreement between CoinShares General Partner Limited, CoinShares (Holdings) Limited and JTC Fund Solutions (Jersey) Limited, dated 23 June 2017. Under the terms of the agreement CoinShares General Partner Limited received a fee from the fund for acting as its general partner. As CoinShares Fund I LP has now been terminated, this agreement is no longer in place and the Group will not receive further fees under the terms of this agreement.
- Amounts of GBP 88,650 were charged to Komainu, a JV of the Group of which the CoinShares CEO, Jean-Marie Mognetti, is a director and shareholder. These amounts were charged for the provision of office space and other ancillary services during the course of 2019, in accordance with the terms of a Serviced Office (License) Agreement dated 19 December 2019 between the Company and Komainu Holdings Limited. This is an ongoing arrangement and will remain in place while Komainu continues to lease office space from the Company.
- Additionally, amounts of GBP 280,831 were incurred by the Group in respect of expenditure settled on behalf of Komainu in accordance with the Subscription and Shareholders Agreement between the Company and Komainu Holdings Limited dated 16 August 2019. Expenses of this nature will not be incurred moving forward as Komainu is now financially independent from its shareholders.
- Amounts of GBP 66,000 were received from Globacap Limited, an associate and related party of the Group of which Daniel Masters is a director, which also sits within the GABI Ventures portfolio. These amounts were in respect of the provision of office space and other ancillary services during the course of 2019, in accordance with the terms of an Office Services Agreement between CSUK and Globacap Limited dated 15 April 2019. As noted in the section “Significant changes of the Company’s financial position after 30 September 2020 until the date of this Prospectus”, GABI Ventures was removed from the Group

on 2 November 2020. Globacap has since vacated the premises and this agreement has been terminated.

- Amounts of GBP 94,059 were incurred by the Group in respect of expenditure settled on behalf of CoinShares Fund I in accordance with a Limited Partnership Agreement between CoinShares General Partner Limited, CoinShares (Holdings) Limited and JTC Fund Solutions (Jersey) Limited, dated 23 June 2017. These amounts were settled by CoinShares General Partner Limited. As CoinShares Fund I LP has now been terminated, this agreement is no longer in place and the Group will not receive further fees under the terms of this agreement.
- Amounts of GBP 90,225 were incurred by the Group in respect of expenditure settled on behalf of the CoinShares Strategic Opportunities Fund, in accordance with a Limited Partnership Agreement dated 26 November 2019, between CoinShares General Partner II Limited, CoinShares (Holdings) Limited and JTC Fund Solutions (Jersey) Limited. These amounts were settled by CoinShares General Partner II Limited. As the CoinShares Strategic Opportunities Fund is now established, it is responsible for settling its own expenses and as such these costs will no longer occur.
- On 26 April 2019, 657,985 shares in CSHL were issued to Meltem Demirors, CSO of the Group, for GBP 265,000. A promissory note between CSHL and Meltem Demirors was issued in lieu of settlement during the financial period for a principal amount of GBP 265,000 which accrues interest at 2.5% per annum. These shares have since been acquired by the Company (as described below in “Related Party Transactions - Period from 30 September 2020 to the date of publication of the Prospectus”).
- Amounts of GBP 70,636 were provided in the form of a fixed term loan to GTSA, a JV of the Group, repayable on 28 February 2021, in accordance with the terms of a Collaboration Agreement dated 7 May 2018 between CSHL and MKS (Switzerland) SA. Also incurred during the year by the Group, under the terms of the same agreement, were amounts of GBP 755,307 relating to its establishment and ongoing support. As discussed in the Growth Initiatives section of the Prospectus, certain of the Net Funds may be used to further support GTSA as it continues to establish itself.
- Amounts of GBP 134,043 were incurred by the Group on behalf of Glint Limited during the course of 2019. Glint Limited was a related party of the Group and formed part of the GABI Ventures portfolio. The loans were deemed irrecoverable as at the end of 2019 and written off by the Group. GABI Ventures was removed from the Group on 2 November 2020. As such, loans to, or expenses incurred on behalf of, venture companies such as these will not be incurred moving forward.

Financial period ended 30 September 2020

During the period 1 January until 30 September 2020, related-party transactions amounted to GBP 667,377, which corresponded to 6% of the Group’s revenue, being amounts classified as revenue under FRS 102 and thus excluding fair value gains / gains on sale of digital assets generated by the activities of the Group.

This amount can be further analysed as follows:

- Amounts of GBP 159,570 were charged to Komainu, a JV of the Group of which the CoinShares CEO, Jean-Marie Mognetti, is a director and shareholder. These amounts were charged for the provision of office space and other ancillary services

during the course of 2020, in accordance with the terms of a Serviced Office (License) Agreement dated 19 December 2019 between the Company and Komainu Holdings Limited, and a Corporate Services Agreement between the Company and Komainu Holdings Limited dated 27 January 2020. These are ongoing arrangements and will remain in place while Komainu continues to lease office space and seek corporate services support from the Company.

- Amounts of GBP 23,189 were incurred by the Group in respect of expenditure settled on behalf of the CoinShares Strategic Opportunities Fund, in accordance with a Limited Partnership Agreement dated 26 November 2019, between CoinShares General Partner II Limited, CoinShares (Holdings) Limited and JTC Fund Solutions (Jersey) Limited. These amounts were settled by CoinShares General Partner II Limited. As the CoinShares Strategic Opportunities Fund is now established, it is responsible for settling its own expenses and as such these costs will no longer occur.
- Amounts of GBP 472,195 were incurred by CSCM in respect of custody fees owing to Komainu, a JV of the Group of which the CoinShares CEO, Jean-Marie Mognetti, is a director and shareholder. These custody services provided to CSCM by Komainu are ongoing, as is outlined within the agreement between CSCM and Komainu Jersey, entered into on 2 February 2020, is described in the "Material Agreements" section of this Prospectus
- Additionally, amounts of GBP 12,423 were incurred by the Group in respect of expenditure settled on behalf of Komainu, in accordance with the Subscription and Shareholders Agreement between CSIL and Komainu Holdings Limited dated 16 August 2019. Expenses of this nature will not be incurred moving forward as Komainu is now financially independent from its shareholders.

Period from 30 September 2020 to the date of publication of the Prospectus

On 20 November 2020, the Company increased its level of ownership in CSHL from 90% to 100%, resulting in CSHL becoming a wholly-owned subsidiary of the Company. In consideration for the acquisition, minority shareholders in CSHL were granted shares in the Company. Minority shareholders included the Group CSO, Meltem Demirsors, and the Group CRO, Frank Spiteri, who were granted 2,778,020 and 585,060 Ordinary Shares in the Company, respectively, in exchange for their holdings in CSHL.

Apart from the above-mentioned transactions and remuneration to the Board and Executive Management, no transactions have occurred between the Group Companies and related parties, during the period from 30 September 2020 until the date of the Prospectus that affect the Group's position and result.

Material agreements

Below is a summary of the material agreements that are not within the Company's ordinary course of business and that have been entered into by CoinShares, or any of its subsidiaries, during the last twelve months prior to the date of the Prospectus.

Collateral Management Agreement

On 6 March 2020, and with retroactive effect from 1 July 2019, CSCM and XBT entered into the CMA, through which CSCM (and the other companies of the CoinShares Group pursuant to four separate service level agreements dated 11 March 2020, as detailed below) agreed to create, on behalf of XBT and pursuant to a base prospectus dated 17 May 2019, an issuance programme for the issue of certificates.

Pursuant to the CMA, CSCM shall be entitled to receive and retain all amounts received in consideration for the sale of the certificates. CSCM is obliged to pay XBT all settlement amounts due on redemption of the certificates. CSCM is also entitled to a fee in respect of the certificates, which consists of a share of the settlement amounts payable to XBT.

Pursuant to the CMA, XBT undertakes on an exclusive and a nil-paid basis to issue certificates to CSCM. These certificates are held by CSCM, for the account of XBT, until sale or transfer of the certificates by CSCM. CSCM may not sell or transfer certificates at a price less than the aggregate settlement amount applicable at the time of the sale/transfer. Further, XBT undertakes not to issue final terms, nor amend or vary the conditions applicable to any certificate without the consent of CSCM.

In the event that XBT is obliged to repurchase a certificate from a holder thereof, CSCM undertakes to purchase such outstanding certificate, and pay to the holder thereof the applicable settlement amount in accordance with the applicable conditions attached to such certificate.

Pursuant to the CMA, CSCM undertakes to prepare reports regarding the quantum and composition of the assets held in respect of hedging the obligation arising from the issuance of ETPs under the Existing Note Program. Such reports are, in practice, created by CSCM on a daily basis and made available to XBT as required.

The CMA is valid until further notice and may be terminated by either party on not less than six months' written notice to the other party.

Service Level Agreements

On 11 March 2020, and with retroactive effect from 1 July 2019, the four service level agreements described below (jointly the "SLAs") have been entered into between different Group Companies and CSCM. The SLAs set out the Services provided by each respective company in accordance with the CMA.

As remuneration for each company's provision of the services, CSCM will pay CoinShares (UK) Limited ("CSUK"), CoinShares (Jersey) Limited ("CSJL") and CoinShares (Holdings) Limited ("CSHL") 20% of the Net Management Fee (as defined as being the amount calculated as the fee arising on each of the certificates issued by XBT for which a listing on one or more exchanges has been maintained, less the amounts due to XBT by CSCM in relation to the provision of services under the CMA and a full cost margin of 4%). For CoinShares Capital Markets (UK) Limited ("CSCMUK") the corresponding amount is 10% of the Net Management Fee.

Each of the SLAs are valid until further notice and can be terminated by either party by giving not less than three months' notice in writing to the other party.

Service Level Agreement between CoinShares (Holdings) Limited and CoinShares Capital Markets (Jersey) Limited

CSHL entered into a service level agreement with CSCM (the "SLA - CSHL"). The services in the SLA - CSHL include general oversight on the operations of service providers to CSCM, personnel and support resources for CSCM's day-to-day operations, the provision of office space and technical support in Jersey, periodic service updates and any other ad hoc services that may be agreed between CSCM and CSHL from time to time.

Service Level Agreement between CoinShares (Jersey) Limited and CoinShares Capital Markets (Jersey) Limited

CSJL entered into a service level agreement with CSCM (the "SLA - CSJL"). The SLA - CSJL includes the provision of a guarantee in respect of the certificates, investment management and advisory services to CSCM, personnel and support resources for CSCM's day-to-day operations, periodic service updates and any other ad hoc services that may be agreed between CSCM and CSJL from time to time.

Service Level Agreement between CoinShares (UK) Limited and CoinShares Capital Markets (Jersey) Limited

CSUK entered into a service level agreement with CSCM (the "SLA - CSUK"). The SLA - CSUK includes the provision of certain administrative, professional, personnel and support services for CSCM's day-to-day operations, ongoing compliance and risk management services in respect of CSCM's clients, technical assistance in respect of the XBT website, investor relations, industry research under the "CoinShares" name, marketing initiatives on behalf of CSCM and XBT, efforts to improve internal reporting, communications and performance, the provision of various additional consultancy services including the provision of periodic service updates and any other ad hoc services that may be agreed between CSCM and CSUK from time to time.

Service Level Agreement between CoinShares Capital Markets (UK) Limited and CoinShares Capital Markets (Jersey) Limited

CSCMUK entered into a service level agreement with CSCM (the "SLA - CSCMUK"). The SLA - CSCMUK includes the provision of trading activities and technical support services such as, broker, prime broker and cryptocurrencies connectivity, market making and hedging automations, the creation and maintenance of live Telegram bots for risk monitoring and the development of a platform to allow for new product creation. In addition to the foregoing, CSCMUK also agrees to provide general technical support functions, periodic service updates and any other ad hoc services that may be agreed between CSCM and CSCMUK from time to time.

Investment Management Agreements

CSJL has entered into Discretionary Investment Management Agreements with (i) Gabi Ventures Limited on 5 September 2019 and with (ii) The Aventus Protocol Foundation (the "Aventus Foundation") on 24 February 2020 (jointly the "Investment Management Agreements" and each respective agreement the "Investment Management Agreement").

GABI Ventures Limited, a venture portfolio with a focus on early stage companies and initiatives in the digital asset space, is a former wholly owned subsidiary of the Company. GABI Ventures was removed from the Group on 2 November 2020.

The Investment Management Agreements are constructed in a similar way. The Investment Management Agreements are not exclusive, which means that CSJL may act as investment manager or in any other capacity for any other company. The specific terms and conditions for each Investment Management Agreement are described below.

Investment Management Agreement with GABI Ventures Limited

In the Investment Management Agreement with GABI Ventures Limited, CSJL is appointed to act as investment manager to GABI Ventures Limited to manage its investments and assets. GABI Ventures Limited's investments include equity and/or debt in unlisted companies, digital assets and agreements such as Simple Agreements for Future Equity ("SAFEs") and Simple Agreements for Future Tokens ("SAFTs").

As consideration for managing the assets and performing the services, CSJL shall receive an annual fee of 1% of the net asset value of GABI Ventures Limited. The consideration is paid quarterly. Gabi Ventures Limited shall also reimburse CSJL for reasonably and properly incurred expenses in performing the services.

The Investment Management Agreement is valid until further notice and may be terminated by GABI Ventures Limited by giving not less than three months' notice in writing to CSJL.

Investment Management Agreement with the Aventus Foundation

In the Investment Management Agreement with the Aventus Foundation, CSJL is appointed to act as investment manager to the Aventus Foundation to manage the Foundation's investments and assets. As of the date of the Prospectus, the Aventus Foundation's assets consist of 10,000 Ether tokens that are held in bare trust for the benefit of the Foundation by CSCMUK. The Ether tokens being held in bare trust means that the beneficiary, i.e. the Aventus Foundation, may, on a discretionary basis, choose to take possession of the assets under management.

As consideration for managing the assets and performing the services, CSJL shall receive a performance fee of 30% of any profit generated by virtue of sale of the 10,000 Ethereum initially



transferred to CSCMUK. This fee is calculated on the liquidation of the trades and is paid quarterly. The Aventus Foundation shall also reimburse the Investment Manager for reasonably and properly incurred expenses in performing the services.

The Investment Management Agreement is valid until further notice and may be terminated by the Aventus Foundation by giving not less than 3 months' notice in writing to the Investment Manager (such notice not to be given earlier than a date 18 months following the date of the Investment Management Agreement).

Custodian Agreement with Komainu (Jersey) Limited

On 3 February 2020, Komainu (Jersey) Limited (the "Custodian") and CSCM entered into a custodian agreement through which the Custodian agreed to provide custody services in relation to CSCM's assets (the "Custodian Agreement"). Assets of CSCM are a type of digital asset which are compatible with a secure platform interface and technical solution which enables, any natural person within CSCM's organisation who has been authorised by the Custodian, to access and use the custodial services provided by the Custodian.

Under the Custodian Agreement, CSCM acknowledges that the Custodian shall have no responsibility of any kind in connection with a failure by CSCM to adhere to the validation provisions imposed on CSCM under the Custodian Agreement (being CSCM undertakes to remit to an account only a single type of asset in a format which can be supported by the Custodian and which it is lawfully entitled to exercise control over) and CSCM indemnifies the Custodian from all losses which may be incurred as a result of CSCM's non-adherence to these validation provisions.

CSCM acknowledges that it is responsible for access to, use of, and operations performed on the Custodians infrastructure. CSCM undertakes to ensure that each user has valid permission and authority to manage accounts on behalf of CSCM and that each user will comply with relevant security protocols.

The Custodian Agreement is valid until further notice and can

be terminated by the Custodian not less than three months after providing written notice of the same to CSCM. CSCM can terminate the Custodian Agreement by providing written notice of the same not less than two years from the date of the Custodian Agreement (subject the payment of a break fee - being 25% of the aggregate service fee due in respect of year 2 - or by providing written notice of the same not less than three years from the date of the Custodian Agreement, without incurring any further liability).

Agreement with Armanino LLP

In August 2020, CSHL entered into an agreement with the accounting firm Armanino through which Armanino shall provide third-party confirmation of assets (both physical and self-custody digital assets and synthetics comprised of derivate and lending positions) held by the Group as collateral (i.e. hedging) against the liability of outstanding exchange-traded products (ETPs) issued to investors from XBT Provider AB (publ). This enables CoinShares to receive live independent verification of the Group's digital asset holdings every 30 minutes. The agreement is valid until further notice. Armanino can terminate the agreement at any time with or without a cause by giving CSHL 30 days written notice.

Conflicts of interest

There are no conflicts of interest or potential conflicts of interest between the Board members and Executive Management's commitments toward CoinShares and their private interest and/or commitments (however, a number of Board members and Executive Management representatives have some economic interest in CoinShares, either directly or indirectly, through share ownership). None of the Board members or Executive Management representatives has been elected or appointed due to a particular arrangement with major shareholders, customers, supplier or other parties.

Company Secretary

The Company's secretary is Ms. Jeri-Lea Brown. Ms. Brown holds a certificate in International Finance and Administration and is available at the Company's address.

AVAILABLE DOCUMENTS

The following documents are available on CoinShares' website:

Certificate of registration; and
Articles of Association.



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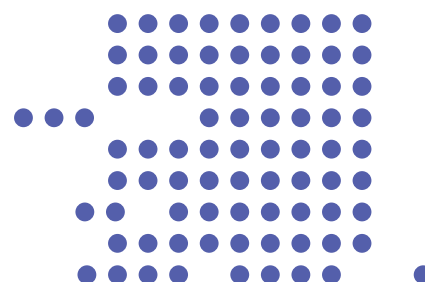
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