

CoinShares International Limited

Registration number: 102185

Interim report

*Unaudited consolidated condensed interim financial statements for the period ended
30 September 2020*

CoinShares International Limited

Interim Management Report

Unaudited consolidated condensed interim financial statements for the period ended 30 September 2020

The directors present their report and the unaudited consolidated condensed interim financial statements of CoinShares International Limited (the 'Company') and together with its subsidiaries (the 'Group') for the period ended 30 September 2020.

Principal activity

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

Change of company name

The Company changed its name from Global Advisors (Holdings) Limited to CoinShares International Limited effective 8 June 2020.

Results and dividends

The total comprehensive income for the period amounted to £14,299,577 (2019: £5,103,421). The loss for the period, after taxation and *prior* to taking into account other comprehensive income was £184,533,774 (2019: loss of £161,430,648). Other comprehensive income for the period was £198,833,351 (2019: £166,735,457).

Going concern

The Group had net assets of £59,643,045 (year ended 31 December 2019: £45,343,468), at the end of the reporting period, an operating loss of £187,524,235 (period ended 30 September 2019: loss of £161,322,492), and total comprehensive income of £14,299,577 (period ended 30 September 2019: £5,103,421). The directors have satisfied themselves that sufficient working capital will be available for the foreseeable future including from the parent company.

The Group has an obligation to settle amounts due to investors for certificates issued. As the group holds assets in order to hedge against this liability, the directors consider that they will be able to convert digital assets to fiat currency so as to settle the obligations and so deem a going concern risk to not be material.

The Group holds the majority of its digital assets with third party exchanges and custodians, some of which are pooled with other assets in "hot" wallets. As the Group does not control the private keys, there is significant uncertainty in relation to the availability of these assets, and their ability to convert these assets into fiat currency, in order to meet its collateral liability to certificate holders as and when its obligations fall due.

However, the Directors do not deem this uncertainty to be material as a significant proportion of digital assets (over 80% at 30 September 2020 (31 December 2019: over 80%)) are held in cold storage, with private key segmentation, at any point in time. In addition, delays in the settlement of the certificates may be imposed or certain modifications be made in the occurrence of market illiquidity or other disruptions. Full details on these are available in the XBT Provider AB (publ) ('XBTP') prospectus which is publicly available on the Group's website coinshares.com/etps/xbt-provider.

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

During March 2020, markets around the world suffered a significant reduction in value, primarily due to the outbreak of COVID-19. This contributed to the increased volatility seen in the price of digital assets, such as Bitcoin. The price as at 31 December 2019 of US\$7,212 for Bitcoin fell to a low of US\$3,800, a reduction in price of 47% which has subsequently recovered, rising to US\$13,852 as at 31 October 2020. The Directors have considered such a fall as part of their sensitivity analysis.

CoinShares International Limited

Interim Management Report (continued)

Unaudited consolidated condensed interim financial statements for the period ended 30 September 2020

Going concern (continued)

Although there has been significant volatility, the Directors do not consider this to impact the going concern for the Group. The Group has ensured that the liability arising from the issuance of the certificates has been fully hedged throughout these significant price fluctuations. There have been no market disruptions in the trading of the notes managed by the Group.

The Group also has adequate business continuity arrangements in place to enable trading to continue as normal, including use of secure cloud-based technology to limit disruption. Communication is being maintained using the Group's website to ensure investors are aware of the Group's position.

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

Statement of Directors' responsibilities

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

The Board confirms that:

- the condensed interim financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group.

The report was approved by the board on 2 December 2020 and signed on its behalf.



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Jean-Marie Moggetti
Director

CoinShares International Limited

Consolidated Condensed Statement of Comprehensive Income

For the period ended 30 September 2020

	Note	Unaudited 1 January 2020 to 30 September 2020 £	Unaudited 1 January 2019 to 30 September 2019 £
Revenue		11,302,458	8,320,967
Gross profit		11,302,458	8,320,967
Administrative expenses		(9,928,508)	(6,962,734)
Other operating income		159,867	396,977
Intercompany collateral expense		(239,185,944)	(194,473,476)
Gains on digital assets	3	50,127,892	31,395,774
Operating loss		(187,524,235)	(161,322,492)
Gain/(loss) on investments	4	1,820,830	(503,324)
Loss before interest and taxation		(185,703,405)	(161,825,816)
Finance income		2,194,132	698,318
Finance expense		(820,545)	(303,150)
Loss before taxation		(184,329,818)	(161,430,648)
Taxation		(203,956)	(201,388)
Loss for the period after taxation		(184,533,774)	(161,632,036)
Other comprehensive income			
Currency translation differences		992,210	(2,204,285)
Gain on digital assets	3	197,841,141	168,940,753
Loss on investments	4	-	(1,011)
Other comprehensive income for the period		198,833,351	166,735,457
Total comprehensive income for the period		14,299,577	5,103,421
Total comprehensive income attributable to			
Owners of the parent		13,330,151	4,291,691
Non-controlling interests		969,426	811,730
		14,299,577	5,103,421

CoinShares International Limited

Consolidated Condensed Statement of Financial Position

As at 30 September 2020

		Unaudited 30 September 2020 £	Audited 31 December 2019 £
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		366,289	375,728
Intangible assets		19,241	6,870
Investments	4	6,597,126	5,585,049
Trade receivables and other assets		327,664	322,678
		<u>7,310,320</u>	<u>6,290,325</u>
Current assets			
Trade receivables and other assets		58,388,930	27,010,628
Digital assets	3	728,241,547	427,524,070
Cash and cash equivalents		14,726,945	4,124,252
		<u>801,357,422</u>	<u>458,658,950</u>
		<u>808,667,742</u>	<u>464,949,275</u>
LIABILITIES			
Current liabilities			
Trade payables and other liabilities	5	(748,691,654)	(419,340,004)
Current tax liabilities		(333,043)	(265,803)
		<u>(749,024,697)</u>	<u>(419,605,807)</u>
		<u>52,332,725</u>	<u>39,053,143</u>
Net current assets			
		<u>59,643,045</u>	<u>45,343,468</u>
Net assets			
EQUITY			
Share capital		2,214,801	2,214,801
Share premium		110,610	110,610
Other reserves		213,366,931	168,812,966
Retained earnings		(156,049,297)	(125,794,909)
Equity attributable to the owners of the parent		58,058,509	44,728,358
Non-controlling interests		1,584,536	615,110
Total equity		<u>59,643,045</u>	<u>45,343,468</u>

CoinShares International Limited

Consolidated Condensed Statement of Changes in Equity

For the period ended 30 September 2020

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total equity £	Attributable to the parent £	Non-controlling interest £
At 1 January 2019	2,214,236	110,610	104,322,050	(68,003,063)	38,643,833	37,725,503	918,330
Profit for the period	-	-	-	(161,632,036)	(161,632,036)	(190,225,248)	28,593,212
Other comprehensive income for the period	-	-	28,855,790	137,879,667	166,735,457	194,516,339	(27,781,482)
Total comprehensive income	-	-	28,855,790	(23,752,369)	5,103,421	4,291,691	811,730
Shares redeemed during the period	565	-	-	-	565	565	-
Total transactions with owners recognised in equity	565	-	-	-	565	565	-
Acquisition of non-controlling interest	-	-	-	(2,215,172)	(2,215,172)	(946,096)	(1,269,076)
Total changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	(2,215,172)	(2,215,172)	(946,096)	(1,269,076)
At 30 September 2019 (Unaudited)	2,214,801	110,610	133,177,840	(93,970,604)	41,532,647	41,071,663	460,984
At 1 January 2020	2,214,801	110,610	168,812,966	(125,794,909)	45,343,468	44,728,358	615,110
Loss for the period	-	-	-	(184,533,774)	(184,533,774)	(165,622,998)	(18,910,776)
Other comprehensive income for the period	-	-	44,553,965	154,279,386	198,833,351	178,953,149	19,880,202
Total comprehensive income	-	-	44,553,965	(30,254,388)	14,299,577	13,330,151	969,426
At 30 September 2020 (Unaudited)	2,214,801	110,610	213,366,931	(156,049,297)	59,643,045	58,058,509	1,584,536

CoinShares International Limited

Consolidated Condensed Statement of Cash Flows

For the period ended 30 September 2020

		Unaudited 1 January 2020 to 30 September 2020	Unaudited 1 January 2019 to 30 September 2019
	Note	£	£
Cash flows from operating activities			
Loss after taxation		(184,533,774)	(161,632,036)
Adjustments for:			
- Depreciation		63,865	115,902
- Amortisation of goodwill		2,830	708
- Amortisation of intangibles		1,428	317
- Net finance income		(1,373,587)	(395,168)
- Taxation expense		203,956	201,388
- gain on digital assets	3	(50,127,892)	(31,395,774)
- (gain)/loss on investments	4	(1,820,830)	503,324
- Unrealised currency translation (gain)/loss		(8,421,225)	19,483,655
		(246,005,229)	(173,117,684)
Changes in working capital:			
- Trade and other receivables		(31,381,136)	4,630,035
- Trade and other payables		329,351,650	263,159,488
Cash generated from operations		51,965,285	94,671,839
Interest paid		(820,545)	(303,150)
Taxation paid		(136,716)	(33,171)
Net cash flow provided by operating activities		51,008,024	94,335,518
Cash flows from investing activities			
Purchase of digital assets	3	(588,101,990)	(618,590,915)
Sale of digital assets	3	543,774,771	506,567,995
Additions to intangible assets		(13,799)	(5,470)
Additions to property, plant and equipment		(54,426)	(237,323)
Acquisition of subsidiaries	4	-	(24,254)
Purchase of investments	4	(1,013,949)	(1,253,484)
Disposal of investments	4	1,822,702	916,470
Finance income		2,189,150	694,928
Net cash used in by investing activities		(41,397,541)	(111,932,053)
Cash flows from financing activities			
Issue of shares		-	565
Acquisition of non-controlling interest		-	(2,215,172)
Net cash used in financing activities		-	(2,214,607)
Net increase/(decrease) in cash and cash equivalents		9,610,483	(19,811,142)
Cash and cash equivalents			
Beginning of financial period		4,124,252	32,896,992
Effects of currency translation on cash and cash equivalents		992,210	(2,204,285)
End of financial period		14,726,945	10,881,565

CoinShares International Limited

Notes to the Unaudited Consolidated Condensed Interim Financial Statements

For the period ended 30 September 2020

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

1 General information

CoinShares International Limited (the 'Company') and its subsidiaries (together the 'Group') operates in Jersey, Channel Islands. The principal activity of the Group is to engage in creating financial products associated with digital assets and blockchain technology.

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

2 Significant accounting policies

2.1 Basis of preparation

This condensed set of interim consolidated financial statements has been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 104, Interim Financial Reporting ('FRS 104') and the Companies (Jersey) Law 1991.

The interim financial information has been prepared in accordance with the accounting policies applicable in the Group's financial statements as at 31 December 2019.

In the preparation of the interim financial statements, the areas where management exercises judgement in applying the Group and Company accounting policies as well as the key sources of estimation uncertainty remain the same as those that applied to the Group's financial statements for the year ended 31 December 2019. The annual financial statements are prepared in accordance with the Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ('FRS 102').

2.2 Going concern basis

The Group had net assets of £59,643,045 (year ended 31 December 2019: £45,343,468), at the end of the reporting period, an operating loss of £187,524,235 (period ended 30 September 2019: loss of £161,322,492), and total comprehensive income of £14,299,577 (period ended 30 September 2019: £5,103,421). The directors have satisfied themselves that sufficient working capital will be available for the foreseeable future including from the parent company.

The Group has an obligation to settle amounts due to investors for certificates issued. As the group holds assets in order to hedge against this liability, the directors consider that they will be able to convert digital assets to fiat currency so as to settle the obligations and so deem a going concern risk to not be material.

The Group holds the majority of its digital assets with third party exchanges and custodians, some of which are pooled with other assets in "hot" wallets. As the Group does not control the private keys, there is significant uncertainty in relation to the availability of these assets, and their ability to convert these assets into fiat currency, in order to meet its collateral liability to certificate holders as and when its obligations fall due.

However, the Directors do not deem this uncertainty to be material as a significant proportion of digital assets (over 80% at 30 September 2020 (31 December 2019: over 80%)) are held in cold storage, with private key segmentation, at any point in time. In addition, delays in the settlement of the certificates may be imposed or certain modifications be made in the occurrence of market illiquidity or other disruptions. Full details on these are available in the XBT Provider AB (publ) ('XBTP') prospectus which is publicly available on the Group's website coinshares.com/etps/xbt-provider.

CoinShares International Limited

Notes to the Unaudited Consolidated Condensed Interim Financial Statements (continued)

For the period ended 30 September 2020

2 Significant accounting policies (continued)

2.2 Going concern basis (continued)

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

During March 2020, markets around the world suffered a significant reduction in value, primarily due to the outbreak of COVID-19. This contributed to the increased volatility seen in the price of digital assets, such as Bitcoin. The price as at 31 December 2019 of US\$7,212 for Bitcoin fell to a low of US\$3,800, a reduction in price of 47% which has subsequently recovered, rising to US\$13,852 as at 31 October 2020. The Directors have considered such a fall as part of their sensitivity analysis.

Although there has been significant volatility, the Directors do not consider this to impact the going concern for the Group. The Group has ensured that the liability arising from the issuance of the certificates has been fully hedged throughout these significant price fluctuations. There have been no market disruptions in the trading of the notes managed by the Group.

The Group also has adequate business continuity arrangements in place to enable trading to continue as normal, including use of secure cloud-based technology to limit disruption. Communication is being maintained using the Group's website to ensure investors are aware of the Group's position.

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

2.3 Intangible assets - digital assets

Part of the operational activity of the Group is trading digital assets within a set of risk parameters, so that the financial performance of the Group remains in excess of its liabilities. Digital assets are accounted for as an intangible asset under the revaluation model. Perpetual Contracts are also accounted for as an intangible asset as funding and settlement can only be done in digital currency, there is no fiat currency settlement.

Under FRS102, intangible assets are presumed to have a finite life. However, in the case of digital assets, the residual value is equal to the carrying value, because (i) there is an active market, (ii) it is probable that the market will exist and (iii) the residual value can be determined in reference to the market.

All purchases and sales of digital assets are recognised at the trade date, as the settlement of digital assets is done instantly, after the trade has taken place.

Digital assets are remeasured using the average price on the three most liquid exchanges, as defined in the prospectus. The valuation takes place daily at 08:00-12:00 (UTC) for Bitcoin, where the value is calculated as the unweighted average price between the bitcoin exchanges of the weighted average price for the period of each underlying exchange (separately). For Ethereum, Litecoin and XRP the valuation takes place daily at 16:00

A gain in fair value is recognised in Other Comprehensive Income. A fall in fair value is recognised in Other Comprehensive Income up to the value of any previous revaluation gains, any fall in value in beyond this is recognised as a fall in fair value in the income statement.

CoinShares International Limited

Notes to the Unaudited Consolidated Condensed Interim Financial Statements (continued)

For the period ended 30 September 2020

2 Significant accounting policies (continued)

2.3 Intangible assets - digital assets (continued)

Fair value hierarchy

Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 – Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Directors' assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and it considers factors specific to the investment.

Digital assets are valued by the Group based on the average price of the three most liquid exchanges as defined in the prospectus at the date of valuation. As such, Bitcoin, Ethereum, Litecoin, Ripple (XRP) and other digital assets have been classified as Level 2.

The Group performs a revaluation of all digital assets at the end of each reporting period using a weighted average method, the cost of a digital asset being the spot market rate at date of purchase.

If the digital asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income. However, the increase shall be recognised in the income statement to the extent that it reverses a previously recognised revaluation decrease in the income statement.

The decrease of a digital asset's carrying amount as a result of a revaluation shall be recognised in other comprehensive income to the extent that any revaluation increases have previously been recognised in other comprehensive income. If a revaluation decrease exceeds the accumulated revaluation gains recognised in equity in respect of that digital asset's classification, the excess shall be recognised in the income statement.

Digital assets are derecognised when the Group has transferred substantially all risks and rewards of ownership on disposal. Realised gains or losses on disposal of the digital assets are presented in the Statement of Comprehensive Income as gains on digital assets.

2.4 Segmental analysis

The directors believe that the Group's activities constitute one single segment.

2.5 Seasonality

The Group is not impacted by seasonality due to the nature of the Group's activities.

CoinShares International Limited

Notes to the Unaudited Consolidated Condensed Interim Financial Statements (continued)

For the period ended 30 September 2020

3 Intangible assets - digital assets

	30 September 2020	30 September 2019	31 December 2019
	£	£	£
Reconciliation of Digital Assets			
Digital assets opening balance	427,524,070	217,520,651	217,520,651
Net purchases	44,327,219	112,022,920	100,435,116
Fair value gain on digital assets	197,841,141	168,940,753	72,466,724
Realised (loss)/gain through perpetual contracts	(11,769,031)	19,738,859	22,748,374
Realised gains on digital assets	61,896,923	11,656,915	30,806,592
Effect of currency translation	8,421,225	(19,483,655)	(16,453,387)
Digital assets closing balance	728,241,547	510,396,443	427,524,070

4 Investments

Group	Investments in Subsidiaries	Other Investments	Total
	£	£	£
At 1 January 2020	-	5,585,049	5,585,049
Additions	-	1,013,949	1,013,949
Disposals	-	(1,822,702)	(1,822,702)
Fair value through profit and loss	-	1,820,830	1,820,830
Fair value through other comprehensive income	-	-	-
At 30 September 2020	-	6,597,126	6,597,126

Group	Investments in Subsidiaries	Other Investments	Total
	£	£	£
At 1 January 2019	-	6,158,252	6,158,252
Additions	-	1,253,484	1,253,484
Disposals	-	(916,470)	(916,470)
Fair value through profit and loss	-	(503,324)	(503,324)
Fair value through other comprehensive income	-	(1,011)	(1,011)
At 30 September 2019	-	5,990,931	5,990,931

Group	Investments in Subsidiaries	Other Investments	Total
	£	£	£
At 1 January 2019	-	6,158,252	6,158,252
Additions	-	2,004,509	2,004,509
Disposals	-	(2,171,435)	(2,171,435)
Fair value through profit and loss	-	(405,266)	(405,266)
Fair value through other comprehensive income	-	(1,011)	(1,011)
At 31 December 2019	-	5,585,049	5,585,049

CoinShares International Limited

Notes to the Unaudited Consolidated Condensed Interim Financial Statements (continued)

For the period ended 30 September 2020

4 Investments (continued)

The Company's direct subsidiaries, associates and investments are as follows.

Name	Defined as	Investee Relationship	CSIL's Ownership %	Jurisdiction	Date of Acquisition
XBT Partner AB	N/A	Subsidiary	100%	Sweden	13/06/2016
GABI Ventures Limited	GVL	Subsidiary	100%	Jersey	19/04/2017
CoinShares (Holdings) Limited	CSHL	Subsidiary	90%	Jersey	25/04/2017
Global Advisors Employment Services Limited	GAES	Subsidiary	100%	Jersey	18/07/2018
Global Advisors Corporate Services Limited	GACSL	Subsidiary	100%	Jersey	09/08/2018
GABI (Holdings) Limited	GHL	Subsidiary	100%	Jersey	27/11/2018
Komainu Holdings Limited	KHL	Joint Venture	20%	Jersey	23/08/2018
Gradbase Limited	N/A	Associate	18%	UK	27/04/2016
Glint Limited	N/A	Associate	40%	Jersey	30/09/2017
Aventures Holdings Limited	N/A	Associate	23%	UK	08/11/2018

The Company's indirect subsidiaries, associates and investments are as follows, with ownership shown on a look-through basis.

Name	Defined as	Investee Relationship	CSIL's Ownership %	Jurisdiction	Date of Acquisition
CoinShares (Jersey) Limited	CSJL	Subsidiary	90%	Jersey	20/01/2009
XBT Inhouse AB	N/A	Subsidiary	100%	Sweden	13/06/2016
XBT Provider AB (publ)	XBTP	Subsidiary	90%	Sweden	13/06/2016
CoinShares (UK) Limited	CSUK	Subsidiary	90%	UK	19/01/2017
GABI Capital Limited	GCL	Subsidiary	90%	Jersey	25/04/2017
CoinShares General Partner Limited	CS GP	Subsidiary	90%	Jersey	14/06/2017
GABI Trading Limited	GTL	Subsidiary	90%	Jersey	14/06/2017
CoinShares GP II Limited	CS GP II	Subsidiary	90%	Jersey	09/02/2018
CoinShares GP III Limited	CS GP III	Subsidiary	90%	Jersey	09/02/2018
CoinShares Corporate Services (Jersey) Limited	CSCSJL	Subsidiary	90%	Jersey	25/06/2018
CoinShares Co	CSCo	Subsidiary	90%	US	01/07/2018
CoinShares Employment Services (Jersey) Limited	CSESJL	Subsidiary	90%	Jersey	09/08/2018
GABI Systems Limited	GSL	Subsidiary	90%	UK	29/10/2018
CoinShares Capital, LLC	CS Cap	Subsidiary	90%	US	18/09/2019
GABI Trading Limited (Asia)	GTLA	Subsidiary	90%	Hong Kong	12/02/2019
Gold Token SA	GTSA	Joint Venture	45%	Switzerland	31/07/2018
Globacap Limited	N/A	Associate	25%	UK	12/11/2018
Commerceblock Holding Limited	N/A	Associate	25%	UK	25/04/2019
CoinShares Fund I LP	N/A	Investment	18%	Jersey	19/02/2018
Challenger Deep	N/A	Investment	10%	France	12/03/2018
Alice SI Limited	N/A	Investment	2%	UK	09/04/2018
BanQu, Inc	N/A	Investment	1%	USA	16/04/2018
Brave New Coin	N/A	Investment	BNC Tokens	New Zealand	29/05/2018
Opendeal Inc	N/A	Investment	1%	US	28/10/2018
CoinShares Fund II LP	N/A	Investment	34% (2019: 19%)	Jersey	29/11/2019
EVG Financial Limited	N/A	Investment	10%	Hong Kong	29/05/2020

CoinShares International Limited

Notes to the Unaudited Consolidated Condensed Interim Financial Statements (continued)

For the period ended 30 September 2020

5 Trade payables and other liabilities

Certificate liability

	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	No. Certificates	No. Certificates	£	£
Certificate type				
Bitcoin Tracker One	4,203,365	6,022,357	210,588,385	153,563,677
Bitcoin Tracker Euro	665,976	740,446	333,354,446	187,537,696
Ethereum Tracker One	15,511,486	19,955,342	51,342,984	17,156,952
Ethereum Tracker Euro	3,520,098	4,221,325	116,339,174	35,975,202
Litecoin Tracker One	259,812	205,932	561,195	316,833
Litecoin Tracker Euro	9,452	13,761	204,819	210,887
Ripple Tracker One - XRP	965,802	771,356	1,110,673	541,020
Ripple Tracker EUR - XRPE	43,776	29,686	501,670	208,215
			714,003,346	395,510,482
Other payables and liabilities			34,688,308	23,829,522
Total payables and other liabilities			748,691,654	419,340,004

In 2015, the Company's subsidiary XBTP issued certificates in SEK (Bitcoin Tracker One) and in EUR (Bitcoin Tracker EUR) which are listed on the Nasdaq Nordic exchange in Stockholm. These certificates are valued based on the average of the Bitcoin price at three exchanges less a management fee, with relevant exchange rates in US\$ and EUR against SEK measured at the same time at the end of the financial period.

In October 2017, certificates were issued in SEK (Ether Tracker One) and in EUR (Ether Tracker EUR) which are also listed on the Nasdaq Nordic exchange in Stockholm. These certificates are designed to reflect the change in value in Ethereum. These certificates are valued based on the average of the Ethereum price at three exchanges less a management fee, with relevant exchange rates in US\$ and EUR against SEK measured at the end of the financial period.

The certificate owners in all certificates have the right to request early redemption of certificates twice a year. The early redemption fee amounts to two percent. This is included in the certificate's terms and conditions in order to allow this to occur should there be low liquidity.

The purchase and sale of certificates and the hedging of these are reported on the transaction day.

In accordance with FRS 102, financial assets and liabilities are to be valued at fair value. The fair value of the certificates is based on the definition in the prospectus of XBPT which is based on the average prices on three different digital asset exchanges. Although digital assets are traded on active markets with identifiable prices, there are differences in prices between the digital assets.

CoinShares International Limited

Notes to the Unaudited Consolidated Condensed Interim Financial Statements (continued)

For the period ended 30 September 2020

6 Related party transactions

Below are the details of any significant updates to the related party disclosure in the audited financial statements for the year ended 31 December 2019.

CoinShares General Partner Limited is the General Partner to CoinShares Fund I LP ('CS1LP') and CoinShares Fund I (Feeder) LP ('CS1 Feeder'). The Group has settled expenditure of £15,114 and £8,075 for CS1LP and CS1 Feeder respectively. The funds repaid amounts of the loans during the period, plus additional funds for future expected expenses. As at the period end the Group was holding cash of £6,422 and £4,127 for CS1LP and CS1 Feeder respectively to pay future liabilities. The Group has written off loans of £500 and £13,934 for CS1LP and CS1 Feeder respectively in respect of expenses settled previously. The Group earned £13,468 (USD17,133) in carried interest upon the closure of CS1LP.

The Group has a Joint Venture investment in GTSA. The Group has provided a fixed term loan of CHF100,000 that is repayable on 28 February 2021 and is interest free. As at the end of the year, the full CHF100,000 is outstanding. An amount of £81,482 (2018: £nil) has been recognised as a receivable at the period end for this amount.

The Group has a Joint Venture investment in Komainu Holdings Limited ('KHL') of which Mr Jean-Marie Mognetti is a director. The Group has settled expenditure on behalf of KHL of £12,423 of which £15,790 remains outstanding at period end. The Group has a recharge agreement with KHL which allows for use of office facilities and staff. £159,570 has been charged for this of which £248,220 is outstanding at the year end. Komainu (Jersey) Limited ('KJL'), a wholly owned subsidiary of KHL provides custodial services to the Group. During the period, the Group paid fees to KJL of £472,195 (USD604,258) of which £94,422 (USD121,997) was outstanding at the period end.

7 Events after the reporting date

On 20 November 2020, the Company increased its level of ownership in CoinShares (Holdings) Limited from 90% to 100%. This resulted in CSHL becoming a wholly-owned entity of the Group. Minority shareholders in CSHL were granted shares in the Company in consideration for the acquisition. The minority shareholders granted shares in the Company included Meltem Demirors, a director of CSHL, and Frank Spiteri, a director of CoinShares (UK) Limited. Meltem Demirors was granted 2,778,020 ordinary shares in the Company. Frank Spiteri was granted 585,060 ordinary shares in the Company.

On 16 November 2020 the Company executed a share split on a ratio of 20:1, which resulted in the number of shares in issue increasing from 2,881,571 to 57,631,420. The resultant par value of a single ordinary share in the Company following this split is £0.000495.

Following the acquisition of the remaining 10% of CoinShares (Holdings) Limited's issued share capital, and share split, the issued share capital of the Company is represented by 63,187,460 shares.

On 2 November 2020, the Company de-merged GABI Ventures Limited by means of share exchange with the Ordinary V Shareholders of the Company. Following the share exchange, all Ordinary V Shares were cancelled by the Company.

Effective 16 November 2020 the Company was converted from a Registered Private Company into a Registered Public Company (as per the classifications of the Jersey Financial Services Commission), and adopted new articles of association in order to adequately reflect its classification as such an entity.

Effective 1 December 2020 CoinShares (Holdings) Limited, a wholly-owned subsidiary of the Group since 20 November 2020 (as described above) was converted from a Registered Public Company into a Registered Private Company (as per the classifications of the Jersey Financial Services Commission).

CoinShares International Limited

Notes to the Unaudited Consolidated Condensed Interim Financial Statements (continued)

For the period ended 30 September 2020

7 Events after the reporting date (continued)

On 16 November 2020, the company adopted an employee incentive program, and subsequently issued a total of 2,955,920 share options to employees under the terms of this options plan on 24 November 2020 (Jersey and UK) and 27 November 2020.

On 1 December 2020, two appointments were made to the Board of the Company. Johan Lundberg and Carsten Koppen joined the board as Independent Non-Executive Director and Non-Executive Director respectively.

On 1 December 2020, Russell Paul Newton resigned from his position as a Board Director.

INDEPENDENT REVIEW REPORT TO COINSHARES INTERNATIONAL LIMITED

Introduction

We have been engaged by CoinShares International Limited (referred to as “the Company”, “CSIL” “you” and derivatives thereof and together with each of its subsidiary undertakings is referred to as “the Group”) to review the unaudited consolidated condensed interim financial statements in the interim report of the Group for the period from 01 January 2020 to 30 September 2020 which comprise the unaudited consolidated statement of comprehensive income, unaudited consolidated statement of financial position, unaudited consolidated statement of changes in equity, unaudited consolidated cash flow statement, and related explanatory notes to the unaudited consolidated financial statements.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the unaudited condensed set of consolidated financial statements.

Directors’ Responsibilities

The interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with FRS 104, “interim financial reporting” (“FRS 104”).

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with FRS 102. The unaudited consolidated condensed financial statements included in the interim report has been prepared in accordance with FRS 104.

Our Responsibility

Our responsibility is to express to the Group a conclusion on the unaudited consolidated condensed financial statements in the interim report based on our review.

Our report has been prepared in accordance with the terms of our engagement. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board Limited for use in the United Kingdom and Ireland. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT REVIEW REPORT TO COINSHARES INTERNATIONAL LIMITED (CONTINUED)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the unaudited consolidated condensed financial statements in the interim report for the nine months ended 30 September 2020 is not prepared, in all material respects, in accordance with FRS 104.

Baker Tilly Channel Islands Ltd

Baker Tilly Channel Islands Limited
Chartered accountants
St Helier, Jersey

Date: *2 December 2020*