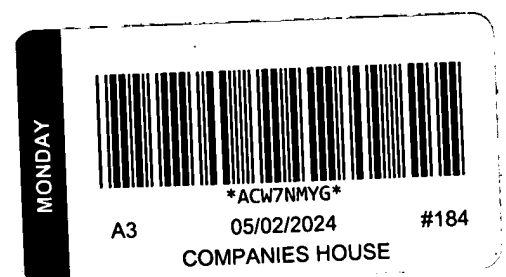


Registered number: 10388856 (England and Wales)

LUNO MONEY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



LUNO MONEY LIMITED

COMPANY INFORMATION

Directors	A H Jones J Lanigan
Registered number	10388856
Registered office	3rd Floor 86 - 90 Paul Street London United Kingdom EC2A 4NE
Independent auditor	Mazars LLP

LUNO MONEY LIMITED

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LUNO MONEY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present their strategic report for Luno Money Limited ("the Company") for the year ended 31 December 2022.

Business review

The principal activity of the Company is that of providing sales, marketing and research and development services to the group headed by Luno Group Holdings Limited ("the Group").

The Company generated £10.4m in revenue (2021: £17.0m) on a cost plus basis for sales, marketing and research and development services provided to the group. The fall in income in the current year is directly attributable to the Group's transfer pricing and profit or loss sharing arrangements. In the current year the ultimate parent company was loss making and as a result, a loss allocation of £11.9m has been charged to the profit and loss account, compared with an income of £0.3m in the prior year.

Employees in the Company grew from an average of 48 to 127 in the current year, reflecting the movement of the Group's headquarters to London and a resulting transition of a number of employees.

Principal risks and uncertainties

As a service centre, the Company's principal risks and uncertainties primarily relate to employees and the retention of employees in the face of competition from other participants in the industry. Luno aims to mitigate these risks by offering appropriate progression opportunities and remuneration packages.

The Company itself and its ability to continue as a going concern is wholly reliant on the parent company's ability to continue financing operations. The Company is therefore subject to similar risks and uncertainties relating to the cryptocurrency wallet and exchange service industry, as described in the strategic report of Luno Group Holdings Limited.

Financial key performance indicators

As a service centre, the Company does not have any specific key performance indicators. Management monitor and ensure that employees are achieving internal targets and promoting the success of the Luno Group.

In the current year, wages and salaries have increased to £16.3m from £6.9m in 2021, which is the result of adding 79 employees to the Company over the course of the year.

This report was approved by the board and signed on its behalf.



.....
A H Jones
Director

Date: 1 February 2024

LUNO MONEY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022. As permitted by s414c (11) of the Companies Act 2006, certain information that is required to be included in the Director's Report has otherwise been included in the Strategic Report.

Directors

The directors who served during the year were:

T O Stranex (resigned 7 December 2022)
M J Swanepoel (resigned 15 January 2024)

The following directors were appointed following the year end but prior to the signing of these financial statements:

A H Jones (appointed 15 January 2024)
J Lanigan (appointed 15 January 2024)

Results and dividends

The loss for the year, after taxation, amounted to £32,317,939 (2021 - profit £1,211,819).

The directors do not recommend payment of a dividend (2021: £Nil).

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LUNO MONEY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Future developments and going concern

The Company expects to continue operating as a service centre for the parent company and wider group, providing support services as required. The directors continue to expect the company to be the primary employer for Luno employees in the UK.

The directors believe that the Company have adequate financial resources available to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The ability of the Company to continue as a going concern is dependent on a number of factors. The most significant of these are the continued support by Digital Currency Group Inc., the ultimate parent entity, until the liquidity of the Group improves, and the market sentiment improving over the near future.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

In January 2023 and September 2023 Luno Group formally communicated that 35% and 5%, respectively, of its global workforce, including staffs employed by Luno Money Limited, will be made redundant, effective February 2023 and October 2023, respectively. The staff costs in relation to this event would be recorded in financial year ending 2023.

Apart from the above no further material subsequent events occurred after the reporting period.

Auditor

The auditor, Mazars LLP, will be not proposed for reappointment in accordance with section 485 of the Companies Act 2006. The Directors' elect to appoint Harris & Trotter LLP for the following years' audit.

This report was approved by the board and signed on its behalf.

Alwyn H Jones

.....
A H Jones
Director

Date: 1 February 2024

LUNO MONEY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUNO MONEY LIMITED

Opinion

We have audited the financial statements of Luno Money Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

LUNO MONEY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUNO MONEY LIMITED (CONTINUED)

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

LUNO MONEY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUNO MONEY LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations might have a material effect on the financial statements: anti-bribery, corruption and fraud and money laundering.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as UK tax legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate the financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to impairment assessment for investments in subsidiaries.

Our audit procedures in relation to fraud included but were not limited to:

- Making inquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our

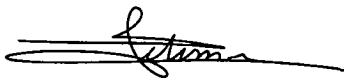
LUNO MONEY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUNO MONEY LIMITED (CONTINUED)

Auditor's Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Pauline Pélissier (Senior Statutory Auditor)
for and on behalf of
Mazars LLP
Chartered Accountants and Statutory Auditors
30 Old Bailey
London
EC4M 7AU

Date: 01/02/2024

LUNO MONEY LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	3	10,424,174	16,951,305
Cost of sales		(488,199)	(670,258)
Gross profit		9,935,975	16,281,047
Administrative expenses		(42,251,650)	(14,687,792)
Operating (loss)/profit	4	(32,315,675)	1,593,255
Interest (paid)/received		(2,264)	73
(Loss)/profit before tax		(32,317,939)	1,593,328
Tax on (loss)/profit	8	-	(381,509)
(Loss)/profit for the financial year		(32,317,939)	1,211,819

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 12 to 26 form part of these financial statements.

LUNO MONEY LIMITED
REGISTERED NUMBER:10388856

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	9	225,621	163,142
		<u>225,621</u>	<u>163,142</u>
Current assets			
Debtors: amounts falling due after more than one year	10	-	182,783
Debtors: amounts falling due within one year	10	1,186,721	3,603,420
Bank and cash balances	11	5,681,735	7,685,853
		<u>6,868,456</u>	<u>11,472,056</u>
Creditors: amounts falling due within one year	12	(35,552,312)	(8,927,592)
Net current (liabilities)/assets		<u>(28,683,856)</u>	<u>2,544,464</u>
Total assets less current liabilities		<u>(28,458,235)</u>	<u>2,707,606</u>
Net (liabilities)/assets		<u><u>(28,458,235)</u></u>	<u><u>2,707,606</u></u>

LUNO MONEY LIMITED
REGISTERED NUMBER:10388856

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

		2022	2021
		£	£
Capital and reserves			
Called up share capital	14	81	81
Share based payment reserve	15	1,285,108	133,010
Profit and loss account	15	(29,743,424)	2,574,515
		<u>(28,458,235)</u>	<u>2,707,606</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

A H Jones

.....
A H Jones
Director

Date: 1 February 2024

James Lanigan

.....
J Lanigan
Director

Date: 1 February 2024

The notes on pages 12 to 26 form part of these financial statements.

LUNO MONEY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021 (as previously stated)	81	-	1,342,512	1,342,593
Prior year adjustment - correction of error	-	-	20,184	20,184
At 1 January 2021 (as restated)	81	-	1,362,696	1,362,777
Profit for the year	-	-	1,211,819	1,211,819
Total comprehensive income for the year	-	-	1,211,819	1,211,819
Share based payments	-	133,010	-	133,010
Total transactions with owners	-	133,010	-	133,010
At 1 January 2022	81	133,010	2,574,515	2,707,606
Loss for the year	-	-	(32,317,939)	(32,317,939)
Total comprehensive income for the year	-	-	(32,317,939)	(32,317,939)
Share based payment	-	1,152,098	-	1,152,098
Total transactions with owners	-	1,152,098	-	1,152,098
At 31 December 2022	81	1,285,108	(29,743,424)	(28,458,235)

The notes on pages 12 to 26 form part of these financial statements.

LUNO MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies

1.1 Basis of preparation of financial statements

Luno Money ("the Company") is a limited company incorporated in the United Kingdom. The address of its registered office and principal place of business is 86 - 90 Paul Street, London, EC2A 4NE.

The principal activity of the Company is the provision of support services, and research and development to the Luno Group.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Luno Group Holdings Limited as at 31 December 2022 and these financial statements may be obtained from <https://find-and-update.company-information.service.gov.uk/company/13876256>.

LUNO MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.3 Going concern

The Company is in a net liability position at the year end. Despite being in a net liability position, the entity relies on continued support from its parent company, Luno Group Holdings Limited in line with the intercompany services agreement. The directors have considered the available support from Luno Group Holdings Limited through a review of the parent company financial position as well as the financial position of Digital Currency group, from whom the parent company is dependent on continued financial support, and expected future results for both entities and have determined that support will continue to be available.

Luno Money Limited has received written confirmation from its parent company, Luno Group Holdings Limited, that it will continue to provide financial support to the Company for a period of at least 12 months from the date of signing these financial statements. For these reasons, the directors continue to adopt the going concern basis in preparing the financial statements.

LUNO MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.4 Turnover

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Rendering of services

Turnover is recognised by applying a mark up of 8.42% (2021: 10%) to the costs incurred in respect of research and development activities and 7.4% in respect of marketing and support service activities, in line with the intercompany service agreement with the parent company. Intercompany turnover is recognised when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the intercompany service agreement;
- the costs incurred under the intercompany service agreement can be measured reliably.

Alongside the intercompany service agreement, the Company entered into an agency agreements with the parent company, Luno Pte Ltd up to 1 September 2022; Luno Group Holdings Limited from 1 September 2022, under which the Company provides agency services in relation to the opening and operating of third party broker accounts. The assets and liabilities in relation to this agreement are not recognised in these financial statements and any costs incurred in relation to providing these services are reimbursed in line with the intercompany service agreements. Included within service fee income is either a profit or loss allocation from the parent company for the services provided by Luno Money Limited. This allocation is based on the level of service provided by Luno Money to the group in that year.

Transaction processing income is recognised at the point a customer withdraws fiat currency from their wallet.

1.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

LUNO MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.7 Share-based payments

Digital Currency Group Inc. enrolled certain employees in the Company onto their share scheme. The Digital Currency Group Inc. share scheme is recognised as an equity-settled share-based compensation plan within the Company.

The fair value of the employee services received in exchange for the grant of shares and/or share options is recognised as an expense with a corresponding increase in the capital contribution reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the equity instruments granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of equity instruments that are expected to become exercisable on the vesting date. At each reporting date, the Company revises its estimates of the number of equity instruments that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based payment space over the remaining vesting period.

1.8 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

LUNO MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	- Over the lease term
Office equipment	- 3 years
Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

1.10 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions.

Cash and cash equivalents include customer fund cash balances held on deposit for the parent company Luno Pte Limited. The Company holds these balances under an agency agreement and must maintain these balances in accordance with the agreement. Ultimately, the balances are highly liquid and meet the definition of cash in accordance with the requirements of FRS 102.

Cash is stated net of bank overdrafts in the Balance Sheet.

1.12 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies (continued)

1.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1.15 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and those receivables that do not fall within the operating cycle fall into this category of financial instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The

LUNO MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.15 Financial instruments (continued)

impairment reversal is recognised in the profit or loss.

Financial liabilities

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

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Derecognition of financial instruments

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are addressed below:

Management fee income

The profit or loss allocation from the parent company for the services provided by Luno Money Limited is based on the level of service provided by Luno Money to the group in that year. The allocation percentage of the profit or loss is based on a contribution analysis of company influence within the group.

LUNO MONEY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****3. Turnover**

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Research & Development	10,420,324	16,632,678
Management fee income	-	311,862
Transaction Processing Income	3,850	6,765
	<u>10,424,174</u>	<u>16,951,305</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	10,424,174	16,951,305
	<u>10,424,174</u>	<u>16,951,305</u>

4. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2022 £	2021 £
Depreciation	119,041	58,903
Exchange differences	(679,228)	(28,887)
Other operating lease rentals	428,194	570,268
Management fee expense	12,028,662	-
Employee costs	16,305,408	6,874,971
Computer costs	1,412,579	278,461
Advertising and promotion	9,306,063	5,567,742
Recruitment	536,906	289,930
Consultancy	502,793	107,470
	<u></u>	<u></u>

LUNO MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

5. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor:

	2022 £	2021 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	14,000	7,850

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	13,997,934	6,049,294
Social security costs	1,795,659	629,209
Pension costs	511,816	196,467
	<u>16,305,409</u>	<u>6,874,970</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Employees	<u>127</u>	<u>48</u>

7. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	709,994	656,274
Company contributions to defined contribution pension schemes	24,082	16,092
	<u>734,076</u>	<u>672,366</u>

The highest paid director received remuneration of £440,350 (2021 - £371,274).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15,282 (2021 - £8,492).

The total accrued pension provision of the highest paid director at 31 December 2022 amounted to £NIL (2021 - £NIL).

LUNO MONEY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****8. Taxation**

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	-	381,509
Taxation on profit on ordinary activities	-	381,509

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
(Loss)/profit on ordinary activities before tax	(32,317,939)	1,593,328
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(6,140,408)	302,732
Effects of:		
Expenses not deductible for tax purposes	22,618	62,589
Capital allowances for year in excess of depreciation	-	(9,425)
Other timing differences leading to an increase (decrease) in taxation	-	342
Non-deductible share based payment expense	6,117,790	25,271
Total tax charge for the year	-	381,509

Factors that may affect future tax charges

On 21 May 2021, Finance Bill 2021 was substantively enacted. The result of this is that the main rate of corporation tax for the UK will increase to 25% from 1 April 2023.

LUNO MONEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Tangible fixed assets

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2022	193,317	4,350	115,339	313,006
Additions	-	-	189,257	189,257
Disposals	-	-	(11,950)	(11,950)
At 31 December 2022	193,317	4,350	292,646	490,313
Depreciation				
At 1 January 2022	129,544	2,779	17,541	149,864
Charge for the year on owned assets	40,278	1,450	77,313	119,041
Disposals	-	-	(4,213)	(4,213)
At 31 December 2022	169,822	4,229	90,641	264,692
Net book value				
At 31 December 2022	23,495	121	202,005	225,621
At 31 December 2021	63,773	1,571	97,798	163,142

LUNO MONEY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****10. Debtors**

	2022 £	2021 £
Due after more than one year		
Other debtors	-	182,783
	<u>-</u>	<u>182,783</u>

Debtors due after more than one year relate to rental deposits held by the company which are expected to be realised in 2023.

	2022 £	2021 £
Due within one year		
Amounts owed by group undertakings	471,417	3,201,528
Other debtors	535,167	295,765
Prepayments and accrued income	180,137	106,127
	<u>1,186,721</u>	<u>3,603,420</u>

11. Cash at bank and in hand

	2022 £	2021 £
Unrestricted cash	2,503,834	1,976,353
Customer funds	3,177,901	5,709,500
	<u>5,681,735</u>	<u>7,685,853</u>

Customer funds represent cash and cash equivalents held on behalf of customers by the Company. The Company has obtained permission to control these funds by the customer.

LUNO MONEY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****12. Creditors: Amounts falling due within one year**

	2022 £	2021 £
Trade creditors	597,272	352,285
Amounts owed to group undertakings	30,565,951	-
Corporation tax	128	227,884
Other taxation and social security	691,247	296,496
Customer funds	3,177,901	5,709,500
Accruals and deferred income	519,813	2,341,427
	<u>35,552,312</u>	<u>8,927,592</u>

The customer funds liability is the corresponding liability for cash and cash equivalents held on behalf of the customers by the Company.

13. Financial instruments

	2022 £	2021 £
Financial assets		
Financial assets measured at amortised cost	<u>6,688,769</u>	<u>11,184,395</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>34,379,458</u>	<u>6,061,785</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings and customer fund liabilities.

LUNO MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

14. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
81 (2021 - 81) Ordinary shares shares of £1.00 each	<u>81</u>	<u>81</u>

15. Reserves

Capital contribution reserve

The share options reserve represents the equity-settled share options granted by the Digital Currency Group Inc. (DCG), the ultimate shareholder, to employees of the Group. The reserve relates to the equity share options which vested from 30 September 2020, the date DCG acquired Luno Pte. Ltd, to 31 December 2022.

Profit and loss account

The profit and loss account represents accumulated profits and losses over time.

16. Financial commitments

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than one year	177,706	304,640
Later than one year and not later than five years	-	177,706
	<u>177,706</u>	<u>482,346</u>

17. Controlling party

Luno Group Holdings Limited, a company incorporated in England and Wales, is the parent company of the smallest group for which consolidated financial statements are drawn up of which the Company is a member. The registered office of the parent company is 86-90 Paul Street London, United Kingdom, EC2A 4NE.

Digital Currency Group, Inc., a Company incorporated in the USA, is considered to be the ultimate controlling party by virtue of its holding in Luno Group Holdings Limited.

LUNO MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

18. Post balance sheet events

In January 2023 and September 2023 Luno Group formally communicated that 35% and 5%, respectively, of its global workforce, including staffs employed by Luno Money Limited, will be made redundant, effective February 2023. The staff costs in relation to this event would be recorded in financial year ending 2023.

Apart from the above no further material subsequent events occurred after the reporting period.

Registered number: 10388856

LUNO MONEY LIMITED

UNAUDITED DETAILED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2022

LUNO MONEY LIMITED**DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
Turnover	10,424,174	16,951,305
Cost of sales	(488,200)	(670,258)
Gross profit	9,935,974	16,281,047
Administration expenses	(42,251,649)	(14,687,792)
Operating (loss)/profit	(32,315,675)	1,593,255
Interest receivable	(2,264)	73
Tax on (loss)/profit on ordinary activities	-	(381,509)
(Loss)/Profit for the year	(32,317,939)	1,211,819

LUNO MONEY LIMITED**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
Turnover		
Service fee income	10,420,324	16,632,678
Management fee income	-	311,862
Transaction processing income	3,850	6,765
	<u>10,424,174</u>	<u>16,951,305</u>
	2022 £	2021 £
Cost of sales		
Transaction processing costs	488,200	670,258
	<u>488,200</u>	<u>670,258</u>

LUNO MONEY LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
Administration expenses		
Directors' salaries	620,407	656,274
Directors' national insurance	89,587	87,719
Directors' pension costs - defined contribution schemes	24,082	16,092
Staff salaries	13,377,527	5,393,020
Staff national insurance	1,706,072	541,490
Staff pension costs - defined contribution schemes	487,734	180,375
Staff training	340,686	103,328
Entertainment	339,276	58,215
Hotels, travel and subsistence	274,233	75,870
Consultancy	502,793	107,470
Computer costs	1,412,579	278,461
General office expenses	55,465	19,115
Advertising and promotion	9,306,063	5,567,742
Legal and professional	216,423	93,649
Auditors' remuneration	19,019	12,166
Bank charges	4,787	12,676
Difference on foreign exchange	(679,227)	(28,887)
Rent - operating leases	428,194	570,268
Insurances	2,994	2,799
Repairs and maintenance	625	85
Depreciation - office equipment	1,450	1,450
Depreciation - computer equipment	76,698	17,176
Depreciation - leasehold improvements	40,277	40,277
Profit on sale of tangible assets	871	(99)
Contractor costs	30	419,308
Recruitment	536,906	289,930
Other operating losses	-	18,659
Chargeback losses	15,459	20,154
Share based payment expense	1,152,148	133,010
Management fee expense	11,898,491	-
	<u>42,251,649</u>	<u>14,687,792</u>

LUNO MONEY LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
Interest receivable		
Bank interest receivable	(2,264)	73
	<u>(2,264)</u>	<u>73</u>