

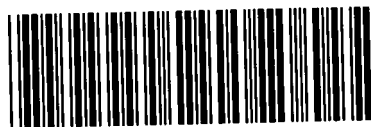
## **Wirex Holdings Limited**

### **Financial statements**

For the year ended 30 June 2021

Registered number: 12323130

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## **Wirex Holdings Limited**

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### **Company Information**

<b>Directors</b>	Dmitry Lazarichev Pavel Matveev Viacheslav Aleksandrovich Taran (appointed 20 January 2022)
<b>Registered number</b>	12323130
<b>Registered office</b>	9th Floor 107 Cheapside London EC2V 6DN

**Wirex Holdings Limited**

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**Contents**

	Page
<b>Group strategic report</b>	<b>3 - 5</b>
<b>Directors' report</b>	<b>6 - 7</b>
<b>Independent auditor's report</b>	<b>8 - 12</b>
<b>Consolidated statement of profit or loss and other comprehensive income</b>	<b>13</b>
<b>Consolidated statement of financial position</b>	<b>14 - 15</b>
<b>Company statement of financial position</b>	<b>16</b>
<b>Consolidated statement of changes in equity</b>	<b>17 - 18</b>
<b>Company statement of changes in equity</b>	<b>19</b>
<b>Consolidated statement of cash flows</b>	<b>20</b>
<b>Company statement of cash flows</b>	<b>21</b>
<b>Notes to the consolidated financial statements</b>	<b>22 - 51</b>

## Wirex Holdings Limited

### Group strategic report For the year ended 30 June 2021

#### Principal activity

The Group's principal activity is facilitating the exchange of fiat and digital currencies and allowing consumers to securely transact in digital currencies, such as Bitcoin, Ethereum, USDC and DAI, combined with the ease of using a debit card.

#### Business review

The Group provides digital asset exchange services to consumers worldwide. These services include fulfillment of digital asset buy and sell, in addition to physical wallet services.

The year to 30 June 2021 is the fifth full year of operations for the Group. The Group derives revenue from exchange services fees assessed on each buy/sell transaction. During the year the Group recognised total revenue of £631,365,216 and costs of sales of £587,729,870 resulting in gross profit of £43,635,346.

#### Financial key performance indicators

The Board monitors the progress of the Group by reference to the following KPIs:

	2021 £	2020. £
Revenue	631,365,216	316,012,701
Net assets	(5,607,113)	7,699,911

#### Principal risks and uncertainties

*The risk of regulatory changes adversely impacting the Group's position and capacity to conduct business.*

The Group has proactively engaged regulators to gain clarity on the evolving regulatory landscape affecting the digital asset industry. The Group will continue to deploy its resources to diligently monitor the market and regulatory environment for threats and opportunities.

*The risk of loss resulting from inadequate or failed policies or controls, key people and knowledge, systems and external events in respect of new product implementations, entering new markets and sustainability of key agreements with banking partnerships.*

The Group actively monitors its operations and documents key business processes to facilitate knowledge transfers in the event of team member turnover. The Group conducts regular third-party penetration testing.

*The risk of loss resulting from data protection or privacy failures and incomplete, inaccurate or untimely reporting of financial and operating information leading to potential fines, penalties or sanctions.*

The Group has a robust and growing team of compliance professionals that ensure that all members of staff have sufficient training to ensure adherence to reporting and other regulatory requirements. Compliance, Legal and Finance teams across the Group combine efforts to ensure timely and accurate reporting to regulatory bodies.

*The risk of loss resulting from employee and third-party fraud risk as well as product and engineering risks.*

The Group employs strict protocols to ensure that customer data and assets are safeguarded. This includes ongoing monitoring of platform activity and reconciliation of transactions against platform data.

*The risk that Wirex does not have sufficient financial resources to meet its commitments as they fall due.*

Wirex maintains adequate levels of liquidity and will ensure that it continues to maintain sufficient levels of liquidity to meet foreseeable and unexpected needs. Daily monitoring and control processes are in place to address internal and regulatory liquidity requirements

## Wirex Holdings Limited

### Group strategic report (continued) For the year ended 30 June 2021

#### Directors' statement of compliance with duty to promote the success of the Group

Wirex's Board has a clear framework for determining the matters within its Group. Certain financial and strategic thresholds have been determined to identify matters requiring Board consideration and approval.

When making decisions, each director ensures that they act in the way they consider, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

#### S172(1) (A) "The likely consequences of any decision in the long term"

The Directors recognise how our operations are viewed by different parts of society and before decisions are made they consult with various internal committees. Given the complexity of the industry we operate in, the Directors have taken the decisions they believe best support Wirex's strategic ambitions.

#### S172(1) (B) "The interests of the Company's employees"

The Directors recognise that Wirex employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

#### S172(1) (C) "The need to foster the Company's business relationships with suppliers, customers and others"

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers and regulators. Wirex seeks the promotion and application of certain general principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships. The businesses continuously assess the priorities related to customers and those with whom we do business, and the Board engages with the businesses on these topics, for example, within the context of business strategy updates and investment proposals.

#### S172(1) (D) "The impact of the Company's operations on the community and the environment"

This aspect is inherent in our strategic ambitions, most notably on our ambitions to thrive through the global digital currency transition. As such, the Board receives information on these topics to both provide relevant information for specific Board decisions and to provide ongoing overview at the Group level.

#### S172(1) (E) "The desirability of the Company maintaining a reputation for high standards of business conduct"

The Board periodically reviews and approves clear frameworks, to ensure that its high standards are maintained both within the businesses and the business relationships we maintain. This, complemented by the ways the Board is informed and monitors compliance with relevant governance standards help assure its decisions are taken and Wirex acts in ways that promote high standards of business conduct.

#### S172(1) (F) "The need to act fairly as between members of the Company"

After weighing up all relevant factors, the Directors consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, our Directors act fairly between the Company's members.

## Wirex Holdings Limited

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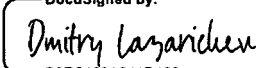
### Group strategic report (continued) For the year ended 30 June 2021

#### Future Developments

The Group expects international expansion, especially in the North American and APAC regions over the upcoming year. Key elements of the Group's business strategy include:

- Support and grow the Wirex brand through international expansion
- Provide custodial services that enhance user experience
- Support customer retention and growth
- Assist in risk management and compliance through enhanced transaction monitoring, anti-money laundering and know your customer policies and procedures

This report was approved by the board on 25 August 2022 and signed on its behalf.

DocuSigned by:  
  
B8EC423A241D460...  
**Dmitry Lazarichev**  
Director

## **Wirex Holdings Limited**

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### **Directors' report For the year ended 30 June 2021**

The directors present their report and the financial statements of Wirex Holdings Limited ('the Company') and its subsidiaries (together 'the Group') for the year ended 30 June 2021.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £19,212,274 (2020 - loss £1,752,387).

There were no dividends paid, recommended or declared during the year ended 30 June 2021 (period ended 30 June 2020: no dividends).

#### **Directors**

The directors who served during the year were:

Dmitry Lazarichev  
Pavel Matveev

#### **Greenhouse gas emissions**

The Group has considered our reporting obligations under the Companies and Limited Liability Partnerships Regulations 2018 and have concluded that it is exempt from the requirement to report as the Group consumed less than 40,000kWh of energy during the period.

#### **Research and development activities**

During the period the Group partook in research and development activities which were then subsequently capitalised, further details can be found in Note 13.

#### **Engagement with employees**

The Directors recognise that Wirex employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

#### **Matters covered in the strategic report**

In accordance with s414C(11) of the Companies Act, the Group has chosen to outline in the Strategic report information on the key risks and financial risk management policies to which the Group is affected.

## Wirex Holdings Limited

### Directors' report (continued) For the year ended 30 June 2021

#### Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, Directors' report and the consolidated financial statements, in accordance with applicable law.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law they have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006.

Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing the consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

#### Disclosure of information to auditor

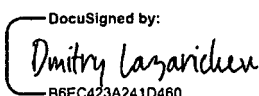
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group'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 and the Group's auditor is aware of that information.

#### Post year end events

The Group works with independent contractors previously based in Kyiv. Business continuity plans were invoked following the Russian invasion of Ukraine resulting in staff relocation that allowed the work performed by the contractors to continue. This together, with the fact the Group does not have significant revenues from Russian or Ukrainian customers, has enabled the Group's management to determine that the invasion of Ukraine has not created material uncertainty that may cast doubt upon the Group's ability to continue as a going concern.

This report was approved by the board on 25 August 2022 and signed on its behalf.

DocuSigned by:  
  
B6EC423A241D460...  
Dmitry Lazarchev  
Director



# Buzzacott

## Independent auditor's report to the members of Wirex Holdings Limited

### Qualified Opinion

We have audited the financial statements of Wirex Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2021 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Company Statement of financial position, the Consolidated statement of changes in equity, the Company statement of changes in equity, the Consolidated statement of cash flows, the Company Statement of cash flows and 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 international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for qualified opinion

We were unable to obtain sufficient appropriate audit evidence relating to the existence of the inventory of cryptocurrency assets held in the company's Irish subsidiary, Wirex Ireland Limited. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held by the group at 30 June 2021, which are included in the balance sheet at £11,288,823, by using other audit procedures. Consequently, we were unable to determine whether any adjustment to this amount was necessary.

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 group 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 qualified opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 group's or the parent 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.

# Buzzacott

## Independent auditor's report to the members of Wirex Holdings Limited

### Other information

The other information comprises the information included in the Annual report, 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 themselves. 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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning inventory quantities of £11,288,823 held at 30 June 2021. We have concluded that where the other information refers to the inventory balance or related balances such as cost of sales, it may be materially misstated for the same reason.

### Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group 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 Group 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

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

Arising solely from the limitation on the scope of our work relating to inventory, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

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

# Buzzacott

## Independent auditor's report to the members of Wirex Holdings Limited

### Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

### 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, outline above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

#### *How the audit was considered capable of detecting irregularities including fraud*

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements of the company and group through discussions with the directors and other management at the planning stage;
- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations; and
- we focused our planned audit work on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company and group both in the UK and internationally.

# Buzzacott

## Independent auditor's report to the members of Wirex Holdings Limited

### Auditor's responsibilities for the audit of the financial statements (continued)

We assessed the extent of compliance with the laws and regulations identified above through:

- making enquiries of management;
- reviewing legal expenditure throughout the period for any potential litigation or claims; and
- considering the internal controls in place that are designed to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- determined the susceptibility of the company to management override of controls by checking the implementation of controls and enquiring of individuals involved in the financial reporting process;
- performed analytical procedures to identify any large, unusual or unexpected transactions and investigated any large variances from the prior period;
- reviewed journal entries to identify any unusual transactions;
- reviewed accounting estimates and evaluated where judgements or decisions made by management indicated bias on the part of the company's management; and
- carried out substantive testing to check the occurrence and cut-off of expenditure.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

# Buzzacott

## Independent auditor's report to the members of Wirex Holdings Limited

### 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.

*Buzzacott LLP*

Katherine White (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor

130 Wood Street

London

EC2V 6DL

26 August 2022

**Wirex Holdings Limited****Consolidated statement of profit or loss and other comprehensive income  
For the year ended 30 June 2021**

	Note	2021 £	2020 £
Revenue	6	631,365,216	316,012,701
Cost of sales		(587,729,870)	(308,513,185)
<b>Gross profit</b>		<b>43,635,346</b>	<b>7,499,516</b>
Administrative expenses		(61,201,650)	(9,575,302)
<b>Loss from operations</b>		<b>(17,566,304)</b>	<b>(2,075,786)</b>
Finance expense		(808,967)	(162,034)
<b>Loss before tax</b>		<b>(18,375,271)</b>	<b>(2,237,820)</b>
Tax (expense)/credit	11	(837,003)	485,433
<b>Loss for the year</b>		<b>(19,212,274)</b>	<b>(1,752,387)</b>
<b>Other comprehensive income:</b>			
Items that will not be reclassified to profit or loss:			
Items that will or may be reclassified to profit or loss:			
Gain on translation of foreign subsidiaries		172,134	-
		<b>172,134</b>	<b>-</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>172,134</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>(19,040,140)</b>	<b>(1,752,387)</b>

The notes on pages 22 to 51 form part of these financial statements.

**Wirex Holdings Limited - Registered number: 12323130****Consolidated statement of financial position  
As at 30 June 2021**

	Note	2021 £	2020 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	282,831	759,187
Intangible assets	13	11,214,820	6,803,495
		<u>11,497,651</u>	<u>7,562,682</u>
<b>Current assets</b>			
Inventories	15	57,170,910	48,213,366
Trade and other receivables	16	4,398,250	5,169,371
Cash and cash equivalents	28	4,217,984	1,707,299
		<u>65,787,144</u>	<u>55,090,036</u>
<b>Total assets</b>		<u><b>77,284,795</b></u>	<u><b>62,652,718</b></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	19	-	2,271,920
Deferred tax liability	11	1,785,927	959,936
		<u>1,785,927</u>	<u>3,231,856</u>
<b>Current liabilities</b>			
Trade and other liabilities	18	75,812,334	51,176,574
Loans and borrowings	19	5,293,647	544,376
		<u>81,105,981</u>	<u>51,720,950</u>
<b>Total liabilities</b>		<u><b>82,891,908</b></u>	<u><b>54,952,806</b></u>
<b>Net (liabilities)/assets</b>		<u><b>(5,607,113)</b></u>	<u><b>7,699,912</b></u>
<b>Issued capital and reserves attributable to owners of the parent</b>			
Share capital	20	13,553	13,547
Share premium reserve		5,471,346	2,502,629
Other reserves		9,173,584	6,409,192
Retained earnings		(20,265,596)	(1,225,456)
		<u><b>(5,607,113)</b></u>	<u><b>7,699,912</b></u>

**Wirex Holdings Limited - Registered number: 12323130****Consolidated statement of financial position (continued)**  
**As at 30 June 2021**

	Note	2021 £	2020 £
<b>TOTAL EQUITY</b>		<b>(5,607,113)</b>	<b>7,699,912</b>

The financial statements on pages 3 to 51 were approved and authorised for issue by the board of directors on and were signed on its behalf by: 25 August 2022

**Dmitry Lazarichev**  
Director

DocuSigned by:  
*Dmitry Lazarichev*  
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The notes on pages 22 to 51 form part of these financial statements.



**Wirex Holdings Limited - Registered number: 12323130****Company statement of financial position  
As at 30 June 2021**

	Note	2021 £	2020 £
<b>Assets</b>			
<b>Non-current assets</b>			
Other non-current investments		3,359,847	755,298
		<u>3,359,847</u>	<u>755,298</u>
<b>Current assets</b>			
Trade and other receivables	16	2,954,340	2,400
		<u>2,954,340</u>	<u>2,400</u>
<b>Total assets</b>		<u>6,314,187</u>	<u>757,698</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Current liabilities</b>			
Trade and other liabilities	18	29,000	14,400
		<u>29,000</u>	<u>14,400</u>
<b>Total liabilities</b>		<u>29,000</u>	<u>14,400</u>
<b>Net assets</b>		<u>6,285,187</u>	<u>743,298</u>
<b>Issued capital and reserves attributable to owners of the parent</b>			
Share capital	20	13,553	13,530
Share premium reserve		2,968,717	-
Other reserves		3,359,847	744,742
Retained earnings		(56,930)	(14,974)
<b>TOTAL EQUITY</b>		<u>6,285,187</u>	<u>743,298</u>

The financial statements on pages 3 to 51 were approved and authorised for issue by the board of directors on and were signed on its behalf by: 25 August 2022

Dmitry Lazarchev  
Director

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*Dmitry Lazarchev*  
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The notes on pages 22 to 51 form part of these financial statements.

**Wirex Holdings Limited****Consolidated statement of changes in equity  
For the year ended 30 June 2021**

	Share capital	Share premium	Other reserves	Retained earnings	Total attributable to equity holders of parent	Total equity
	£	£	£	£	£	£
<b>At 1 July 2020</b>	13,547	2,502,629	6,409,191	(1,225,456)	7,699,911	7,699,911
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	(19,212,274)	(19,212,274)	(19,212,274)
Other comprehensive income	-	-	-	172,134	172,134	172,134
<b>Total comprehensive income for the year</b>	-	-	-	(19,040,140)	(19,040,140)	(19,040,140)
<b>Contributions by and distributions to owners</b>						
Issue of share capital	6	2,968,717	-	-	2,968,723	2,968,723
Issue of share options	-	-	2,764,393	-	2,764,393	2,764,393
<b>Total contributions by and distributions to owners</b>	6	2,968,717	2,764,393	-	5,733,116	5,733,116
<b>At 30 June 2021</b>	<b>13,553</b>	<b>5,471,346</b>	<b>9,173,584</b>	<b>(20,265,596)</b>	<b>(5,607,113)</b>	<b>(5,607,113)</b>

The notes on pages 22 to 51 form part of these financial statements.

**Wirex Holdings Limited****For the year ended 30 June 2020**

	Share capital	Share premium	Other reserves	Retained earnings	Total attributable to equity holders of parent	Total equity
	£	£	£	£	£	£
<b>At 1 July 2019</b>	13,547	2,538,954	5,730,396	526,931	8,809,828	8,809,828
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	(1,752,387)	(1,752,387)	(1,752,387)
<b>Total comprehensive income for the year</b>	-	-	-	(1,752,387)	(1,752,387)	(1,752,387)
<b>Contributions by and distributions to owners</b>						
Issue of share options	-	-	678,795	-	678,795	678,795
Other movements	-	(36,325)	-	-	(36,325)	(36,325)
<b>Total contributions by and distributions to owners</b>	-	(36,325)	678,795	-	642,470	642,470
<b>At 30 June 2020</b>	<b>13,547</b>	<b>2,502,629</b>	<b>6,409,191</b>	<b>(1,225,456)</b>	<b>7,699,911</b>	<b>7,699,911</b>

The notes on pages 22 to 51 form part of these financial statements.

**Wirex Holdings Limited****Company statement of changes in equity**  
**For the year ended 30 June 2020**

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
	£	£	£	£	£
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(14,974)	(14,974)
<b>Total comprehensive income for the year</b>	-	-	-	(14,974)	(14,974)
<b>Contributions by and distributions to owners</b>					
Issue of share capital	13,530	-	-	-	13,530
Issue of share options	-	-	744,742	-	744,742
<b>Total contributions by and distributions to owners</b>	13,530	-	744,742	-	758,272
<b>At 30 June 2020</b>	<b>13,530</b>	<b>-</b>	<b>744,742</b>	<b>(14,974)</b>	<b>743,298</b>
<b>At 1 July 2020</b>	13,530	-	755,298	(27,930)	740,898
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(29,000)	(29,000)
<b>Total comprehensive income for the year</b>	-	-	-	(29,000)	(29,000)
<b>Contributions by and distributions to owners</b>					
Issue of share capital	23	2,968,717	-	-	2,968,740
Issue of share options	-	-	2,604,549	-	2,604,549
<b>Total contributions by and distributions to owners</b>	23	2,968,717	2,604,549	-	5,573,289
<b>At 30 June 2021</b>	<b>13,553</b>	<b>2,968,717</b>	<b>3,359,847</b>	<b>(56,930)</b>	<b>6,285,187</b>

The notes on pages 22 to 51 form part of these financial statements.

**Wirex Holdings Limited****Consolidated statement of cash flows  
For the year ended 30 June 2021**

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Loss for the year	(19,212,274)	(1,752,387)
<b>Adjustments for</b>		
Depreciation of property, plant and equipment	640,826	849,162
Amortisation of intangible fixed assets	746,358	701,978
Finance expense	808,967	162,034
Share-based payment expense	2,764,392	642,471
Net foreign exchange loss	172,530	-
Income tax expense	837,003	(485,433)
	<u>(13,242,198)</u>	<u>117,825</u>
<b>Movements in working capital:</b>		
Decrease in trade and other receivables	771,121	1,975,569
Increase in inventories	(11,289,768)	(17,439,965)
Increase in trade and other payables	24,225,603	16,200,286
	<u>464,758</u>	<u>853,715</u>
<b>Cash generated from operations</b>	<u>464,758</u>	<u>853,715</u>
Income taxes paid	(11,012)	596,340
	<u>453,746</u>	<u>1,450,055</u>
<b>Net cash from operating activities</b>	<u>453,746</u>	<u>1,450,055</u>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(164,866)	(1,168,766)
Purchase of intangibles	(2,825,459)	(2,900,315)
	<u>(2,990,325)</u>	<u>(4,069,081)</u>
<b>Net cash used in investing activities</b>	<u>(2,990,325)</u>	<u>(4,069,081)</u>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	2,968,723	-
Proceeds from borrowings	2,887,508	2,271,920
Interest paid	(808,967)	(162,034)
	<u>5,047,264</u>	<u>2,109,886</u>
<b>Net cash from financing activities</b>	<u>5,047,264</u>	<u>2,109,886</u>
<b>Net cash increase/(decrease) in cash and cash equivalents</b>	<u>2,510,685</u>	<u>(509,140)</u>
Cash and cash equivalents at the beginning of year	1,707,299	2,216,439
<b>Cash and cash equivalents at the end of the year</b>	<u><u>4,217,984</u></u>	<u><u>1,707,299</u></u>

The notes on pages 22 to 51 form part of these financial statements.

**Wirex Holdings Limited****Company statement of cash flows  
For the year ended 30 June 2021**

	<b>Note</b>	<b>2021 £</b>	<b>2020 £</b>
<b>Cash flows from operating activities</b>			
Loss for the year		(29,000)	(14,974)
<b>Adjustments for</b>			
		<u>(29,000)</u>	<u>(14,974)</u>
<b>Movements in working capital:</b>			
(Increase)/decrease in trade and other receivables		(2,954,340)	574
Increase in trade and other payables		14,600	14,400
		<u>(2,968,740)</u>	<u>-</u>
<b>Cash generated from operations</b>		<u>(2,968,740)</u>	<u>-</u>
<b>Net cash (used in)/from operating activities</b>		<u>(2,968,740)</u>	<u>-</u>
<b>Cash flows from investing activities</b>			
<b>Cash flows from financing activities</b>			
Issue of ordinary shares		2,968,740	-
<b>Net cash from financing activities</b>		<u>2,968,740</u>	<u>-</u>
<b>Cash and cash equivalents at the end of the year</b>	<b>28</b>	<u>-</u>	<u>-</u>

The notes on pages 22 to 51 form part of these financial statements.

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****1. Accounting policies****1.1 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at this time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## Wirex Holdings Limited

### Notes to the consolidated financial statements For the year ended 30 June 2021

#### 1. Accounting policies (continued)

##### 1.2 Going concern

The Group works with independent contractors previously based in Kyiv. Business continuity plans were invoked following the Russian invasion of Ukraine resulting in staff relocation that allowed the work performed by the contractors to continue. This together, with the fact the Group does not have significant revenues from Russian or Ukrainian customers, has enabled the Group's management to determine that the invasion of Ukraine has not created material uncertainty that may cast doubt upon the Group's ability to continue as a going concern.

The Group is primarily involved in the cryptocurrency markets. The cryptocurrency markets are inherently volatile. The group's management continually manage the Group's exposures in order to maintain liquidity levels, and have so far attracted net deposits of US\$64m since 30 June 2021.

In January 2022, a new fundraising was completed. Third party investors agreed to purchase 2,447,925 series B preference shares of Wirex Holdings Ltd in exchange for a total consideration of £10,999,996 which adds a significant amount of equity to Wirex Holdings Ltd. As of today, 1,493,234 of those shares have been purchased for total consideration of £6,709,996 and the remaining 954,691 series B preference shares for total consideration of £4,290,000 is expected in the short term.

The directors perform stress testing analysis to determine the impact of significant withdrawals of customer funds and significant adverse movements in the fair value of cryptocurrencies on the health of the Group. The results of this stress testing have satisfied the directors that no material uncertainties exist in relation to going concern.

##### 1.3 Revenue

Revenue is derived from cryptocurrency transactional services, where a user of the Group's services can buy and sell cryptocurrencies and exchange fiat currencies. The Group charges fixed transaction fees to provide this service. Revenue is recognised at the point of trade and settlement is instantly transferred into the Group bank account from the client account. When revenue is settled in cryptocurrency tokens, the Group records the fair value of the cryptocurrency token at the date it is earned within revenue.

The Group recognises the gross number of cryptocurrencies instantaneously sold on behalf of the Group's client.

##### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.



## Wirex Holdings Limited

### Notes to the consolidated financial statements For the year ended 30 June 2021

#### 1. Accounting policies (continued)

##### 1.4 Leasing

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is included in the 'Loans and borrowings' line in the Consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

##### 1.5 Foreign currency

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.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into pounds using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

##### 1.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****1. Accounting policies (continued)****1.7 Employee benefits****Defined contribution pension plan**

The Group 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 Group 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 Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

**1.8 Share-based payments****Share-based payment transactions of the Group**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

**1.9 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**(i) Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated Consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****1. Accounting policies (continued)****1.9 Taxation (continued)****(ii) Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**1.10 Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following range:

Right of use property	over the length of the lease
Fixtures and fittings	over 3 years
Office equipment	over 3 years

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****1. Accounting policies (continued)****1.11 Intangible assets****Internally-generated intangible assets**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Cryptocurrency tokens not held for trading are recognised at the fair value, by reference to actively traded markets, at the date they are allocated to intangible fixed assets.

**1.12 Inventories**

Inventories relate to cryptocurrencies that are traded as part of the ordinary course of the Group's business. They are carried at fair value less costs to sell through profit or loss. Inventories include WXT, a token issued by the Group. At the end of each reporting period, the Directors update their assessment of the fair value of WXT, taking into account the sales and volumes during the period and future plans.

**1.13 Financial instruments**

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****1. Accounting policies (continued)****1.14 Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**1.15 Financial liabilities and equity instruments****Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

*Financial liabilities measured at amortised cost*

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

*Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'finance income' or 'finance expense' line item, for gains and losses respectively, in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

See note regarding the recognition of exchange differences where the foreign currency risk component of a financial liability is designated as a hedging instrument for a hedge of foreign currency risk.

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****1. Accounting policies (continued)****1.15 Financial liabilities and equity instruments (continued)****Financial liabilities (continued)***Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**2. Reporting entity**

Wirex Holdings Limited (the 'Company') is a limited company incorporated in England and Wales. The Company's registered office is at 9th Floor 107 Cheapside, London, EC2V 6DN. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group provides digital asset exchange services to consumers worldwide. These services include fulfilment of digital assetbuy and sell, in addition to physical wallet services..

**3. Basis of preparation**

The Group's consolidated and the Company's individual financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations in conformity with the requirements of the Companies Act 2006 (collectively IFRSs). They were authorised for issue by the Company's board of directors on .

Details of the Group's accounting policies, including changes during the year, are included in note 1.

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and elected not to present its own Statement of comprehensive income in these financial statements.

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgments and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in note 5.

**3.1 Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Inventory	Fair value
Selected intangible assets	Fair value

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****3. Basis of preparation (continued)****3.2 Changes in accounting policies****i) New standards, interpretations and amendments effective from 1 July 2020**

There were no new standards, interpretations or amendments in the period.

**ii) New standards, interpretations and amendments not yet effective**

The following standards and interpretations to published standards are not yet effective:

<b>New standard or interpretation</b>	<b>EU Endorsement status</b>	<b>Mandatory effective date (period beginning)</b>
Amendments to References to the Conceptual Framework in IFRS Standards	Endorsed	1 January 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	Endorsed	1 January 2020

The directors anticipate that the adoption of these Standards in future periods may have an impact on the results and net assets of the Group and Company, however, it is too early to quantify this.

The directors anticipate that the adoption of other Standards and interpretations that are not yet effective in future periods will only have an impact on the presentation in the financial statements of the Company.

**4. Functional and presentation currency**

These consolidated financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated.

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****5. Accounting estimates and judgments**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

**Impairment of financial assets**

The Group assesses at each reporting date whether an asset may be impaired. If any such indication exists the company estimates recoverable amount of the asset. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in the statement of comprehensive income unless the asset is carried at a revalued amount where the impairment loss of a revalued asset is a revaluation decrease.

An impairment loss recognised for all assets, including goodwill, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

**Inventories**

Cryptocurrencies have been classified as inventory as they are similar to commodities, this is in accordance with IAS 2. Cryptocurrencies are valued at fair value less costs to sell on the basis that the company believes this is realisable and that they have access to the appropriate liquid markets. The Group has the ability to trade client positions with their own holdings as their clients move in and out of fiat against cryptocurrencies with their liquidity provider. The Group used an open market source to carry out their year-end valuations.

**Capitalisation of intellectual property**

The Group capitalised costs in relation to its intellectual property, these costs were determined by a reputable 3rd party source. The Group capitalised costs in accordance with IAS 38.

**Revenue recognition Principal vs Agent**

For transactions involving the sale of cryptocurrency, Wirex accounts for revenue as principal as it has the power to control the assets and exercises this power prior to the assets being transferred to customers. For transactions involving the sale of fiat currency, Wirex accounts for revenue as an agent, as it does not have the power to control this asset.

**WXT token**

Historically, the Group created a crypto token – WXT. These have been recorded on the statement of financial position in one of two categories. The entity recognises tokens which are not held for sale in the normal course of the business as an intangible asset, while recognising all tokens which will be available for sale within the normal course of business as inventory. Due to the number of tokens held, compared to the volumes normally traded on the markets, the company has taken a discount of 12% (2020 24%) to the market price at the year end in calculating the fair value of WXT tokens held in inventory. At the year end the fair value of WXT tokens held in inventory amounted to £16,663,122 (2020 £21,000,000).

**Share based payments**

The entity has recognised the exercise price of the options at the contracted value. This is in accordance with IFRS 2.



**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****6. Revenue**

The following is an analysis of the Group's revenue for the year from continuing operations:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Commission from sale of currency (as agent) and revenue from sale of cryptocurrency (as principal)	<b>580,288,176</b>	305,641,003
Sale of WXT	<b>14,797,000</b>	6,965,178
Revenue share income	<b>2,381,081</b>	2,422,229
Blockchain fees	<b>33,898,959</b>	984,291
	<b><u>631,365,216</u></b>	<b><u>316,012,701</u></b>

Analysis of revenue by country of destination:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
United Kingdom	<b>572,855,589</b>	311,511,402
Rest of the world	<b>58,509,627</b>	4,501,299
	<b><u>631,365,216</u></b>	<b><u>316,012,701</u></b>

**7. Auditor's remuneration**

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

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Fees payable to the Group's auditor for the audit of the Group's financial statements	<b>27,000</b>	12,000
Fees payable to the Group's auditor in respect of:		
The auditing of accounts of associates of the Group	<b>64,000</b>	21,000
Taxation compliance services	<b>9,600</b>	9,000
All non-audit services not included above	<b><u>4,000</u></b>	<b><u>2,000</u></b>

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****8. Employee benefit expenses****Group**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Employee benefit expenses (including directors) comprise:</b>		
Wages and salaries	<b>3,641,173</b>	2,740,021
National insurance	<b>318,695</b>	281,267
Defined contribution pension cost	<b>106,121</b>	86,731
	<b><u>4,065,989</u></b>	<b><u>3,108,019</u></b>

**Key management personnel compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the Company listed on page 1, and the Financial Controller of the Company.

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Salary	<b><u>300,000</u></b>	<b><u>300,000</u></b>

The monthly average number of persons, including the directors, employed by the Group during the year was as follows:

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Management	<b>2</b>	5
Compliance	<b>11</b>	11
Financial	<b>6</b>	5
HR	<b>3</b>	3
Legal	<b>3</b>	2
Marketing	<b>15</b>	9
Product	<b>2</b>	2
	<b><u>42</u></b>	<b><u>37</u></b>

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****9. Directors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	<b>300,000</b>	<b>300,000</b>

The highest paid director's emoluments were as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Total emoluments and amounts receivable under long-term incentive schemes (excluding shares)	<b>150,000</b>	<b>150,000</b>

**10. Finance income and expense****Recognised in profit or loss**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Finance income</b>		
<b>Finance expense</b>		
Bank interest payable	<b>297,765</b>	<b>111,040</b>
Other loan interest payable	<b>511,202</b>	<b>50,994</b>
<b>Total finance expense</b>	<b>808,967</b>	<b>162,034</b>
<b>Net finance expense recognised in profit or loss</b>	<b>(808,967)</b>	<b>(162,034)</b>

The above financial income and expense include the following in respect of assets (liabilities) not at fair value through profit or loss:

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****11. Tax expense****11.1 Income tax recognised in profit or loss**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
Current tax on profits for the year	-	(814,280)
Adjustments in respect of prior years	-	(600,089)
Overseas tax	-	1,313
<b>Total current tax</b>	<b>-</b>	<b>(1,413,056)</b>
<b>Deferred tax expense</b>		
Origination and reversal of timing differences	<b>533,443</b>	1,200,212
Adjustments in respect of prior years	-	(272,589)
Write-downs (reversal of previous write-down) of deferred tax assets	<b>303,560</b>	-
<b>Total deferred tax</b>	<b>837,003</b>	<b>927,623</b>
<b>Total tax expense</b>		
Tax expense excluding tax on sale of discontinued operation and share of tax of equity accounted associates and joint ventures	<b>837,003</b>	<b>(485,433)</b>

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****11. Tax expense (continued)****11.1 Income tax recognised in profit or loss (continued)**

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	2021 £	2020 £
Loss for the year	(19,212,274)	(1,752,387)
Income tax credit/expense (including income tax on associate, joint venture and discontinued operations)	837,003	(485,433)
<b>Loss before income taxes</b>	<b>(18,375,271)</b>	<b>(2,237,820)</b>
Tax using the Company's domestic tax rate of 19% (2020:19%)	(3,491,301)	(425,186)
Non-tax deductible amortisation of goodwill and impairment	(4,710)	515,349
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	833,097	15,236
Higher rate taxes on overseas earnings	929,440	70,663
Adjustments to tax charge in respect of prior periods	-	(872,678)
Short term timing difference leading to an increase/(decrease) in taxation	-	(16,938)
Other timing differences leading to an increase/(decrease) in taxation	335,378	-
Adjustment in research and development tax credit leading to an increase/(decrease) in the tax charge	486,150	252,707
Book profit on non-taxable share issues	(683,820)	(666,181)
Unrelieved tax losses carried forward	2,432,769	669,705
Other differences leading to an increase/(decrease) in the tax charge	-	(28,110)
<b>Total tax expense</b>	<b>837,003</b>	<b>(485,433)</b>

**Changes in tax rates and factors affecting the future tax charges**

On 10 June 2021, the Finance Bill 2021 received Royal Assent. The Bill confirms an increase in the corporation tax rate from 1 April 2023. From this date, the rate will taper from 19% for businesses with profit of less than £50,000 to 25% for businesses with profit over £250,000.

The deferred tax has been calculated on the rate of 25% as this is the rate expected to be in operation when the majority of the deferred tax liability will be realised.

**11.2 Deferred tax balances**

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

	2021 £	2020 £
Deferred tax liabilities	(1,785,927)	(959,936)

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****11. Tax expense (continued)****11.2 Deferred tax balances (continued)**

	Opening balance £	Recognised in profit or loss £	Closing balance £
<b>2021</b>			
<b>Deferred tax (liabilities)/assets in relation to:</b>			
Intangible assets	(948,924)	(837,003)	(1,785,927)
	<u>(948,924)</u>	<u>(837,003)</u>	<u>(1,785,927)</u>
<b>2020</b>			
<b>Deferred tax (liabilities)/assets in relation to:</b>			
Intangible assets	(32,313)	(927,623)	(959,936)
	<u>(32,313)</u>	<u>(927,623)</u>	<u>(959,936)</u>

**11.3 Unrecognised deductible temporary differences, unused tax losses and unused tax credits**

**Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:**

- tax losses (capital in nature)	<u><b>1,785,927</b></u>	<u><b>959,936</b></u>
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**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****12. Property, plant and equipment****Group**

	<b>Right of use property £</b>	<b>Fixtures and fittings £</b>	<b>Office equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>				
At 1 July 2019	-	167,570	585,894	753,464
Additions	1,133,466	10,771	49,942	1,194,179
Disposals	-	-	(12,502)	(12,502)
Foreign exchange movements	-	-	(1,230)	(1,230)
<b>At 30 June 2020</b>	<b>1,133,466</b>	<b>178,341</b>	<b>622,104</b>	<b>1,933,911</b>
Additions	-	-	164,866	164,866
Disposals	-	(884)	-	(884)
Foreign exchange movements	-	-	(892)	(892)
<b>At 30 June 2021</b>	<b>1,133,466</b>	<b>177,457</b>	<b>786,078</b>	<b>2,097,001</b>
	<b>Right of use property £</b>	<b>Fixtures and fittings £</b>	<b>Office equipment £</b>	<b>Total £</b>
<b>Accumulated depreciation and impairment</b>				
At 1 July 2019	-	75,583	238,299	313,882
Charge owned for the year	-	69,273	204,182	273,455
Charged financed for the year	598,218	-	-	598,218
Disposals	-	-	(9,841)	(9,841)
Exchange adjustments	-	-	(990)	(990)
<b>At 30 June 2020</b>	<b>598,218</b>	<b>144,856</b>	<b>431,650</b>	<b>1,174,724</b>
Charge owned for the year	-	27,860	172,174	200,034
Charged financed for the year	440,792	-	-	440,792
Disposals	-	(884)	-	(884)
Exchange adjustments	-	-	(496)	(496)
<b>At 30 June 2021</b>	<b>1,039,010</b>	<b>171,832</b>	<b>603,328</b>	<b>1,814,170</b>
<b>Net book value</b>				
At 1 July 2019	-	91,987	347,595	439,582
At 30 June 2020	535,248	33,485	190,454	759,187
At 30 June 2021	94,456	5,625	182,750	282,831

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****12. Property, plant and equipment (continued)****12.1. Assets held under leases**

The net book value of owned and leased assets included as "Property, plant and equipment" in the Consolidated statement of financial position is as follows:

	30 June 2021 £	30 June 2020 £
Property, plant and equipment owned	188,375	223,939
Right-of-use assets, excluding investment property	94,456	535,248
	<u>282,831</u>	<u>759,187</u>

Information about right-of-use assets is summarised below:

**Net book value**

	30 June 2021 £	30 June 2020 £
Right of use property	<u>94,456</u>	<u>535,248</u>

**Depreciation charge for the year ended**

	30 June 2021 £	30 June 2020 £
Right of use property	<u>440,792</u>	<u>598,218</u>

**13. Intangible assets****Group**

	Development expenditure £	Trademarks £	Crypto assets not held for trading £	Total £
<b>Cost</b>				
At 1 July 2019	4,766,488	1,733	-	4,768,221
Additions - internal	2,737,252	-	-	2,737,252
<b>At 30 June 2020</b>	<u>7,503,740</u>	<u>1,733</u>	<u>-</u>	<u>7,505,473</u>
Additions - internal	2,825,459	-	-	2,825,459
Reclassified to held for sale	-	-	2,332,224	2,332,224
<b>At 30 June 2021</b>	<u>10,329,199</u>	<u>1,733</u>	<u>2,332,224</u>	<u>12,663,156</u>



**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****13. Intangible assets (continued)**

	Development expenditure £	Trademarks £	Crypto assets not held for trading £	Total £
<b>Accumulated amortisation and impairment</b>				
At 1 July 2019	225,329	-	-	225,329
Charge for the year - owned	476,649	-	-	476,649
<b>At 30 June 2020</b>	<b>701,978</b>	<b>-</b>	<b>-</b>	<b>701,978</b>
Charge for the year - owned	746,358	-	-	746,358
<b>At 30 June 2021</b>	<b>1,448,336</b>	<b>-</b>	<b>-</b>	<b>1,448,336</b>
<b>Net book value</b>				
At 1 July 2019	4,541,159	1,733	-	4,542,892
At 30 June 2020	6,801,762	1,733	-	6,803,495
At 30 June 2021	8,880,863	1,733	2,332,224	11,214,820

Crypto assets not held for trading are recognised at the fair value, by reference to actively traded markets, when they are designated as intangible fixed assets.

The Development expenditure represents the capitalised costs related to the development of the platform and other internal-use software. Costs incurred during the development phase are capitalised only when the Group believe the development will result in new or additional functionality. The types of costs capitalised during the development phase of the application include employee compensation, as well as consulting fees for third-party developers working on these projects. The asset has been analysed to have a useful life of 10 years and will be amortised on a straight-line basis as the pattern of economic benefit cannot be determined reliably. This is annually reviewed by the Group.

**14. Subsidiaries**

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group (%)	
			2021	2020
1) Wirex Limited	Payment card provider	UK	100	100
2) Wirex Pte. Ltd.	Payment card provider	Singapore	100	100
3) Wirex USA Inc.	Payment card provider	USA	100	100
4) Wirex Canada	Payment card provider	Canada	100	100
5) Wirex Japan Limited	Payment card provider	Japan	100	100
6) Wirex Ireland Limited	Payment card provider	Ireland	100	100

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****Company**

	<b>Note</b>	<b>2021 £</b>	<b>2020 £</b>
Investments in subsidiary companies	14	3,359,847	755,298
		<u>3,359,847</u>	<u>755,298</u>

**15. Inventories****Group**

	<b>2021 £</b>	<b>2020 £</b>
Cryptocurrencies	40,507,788	27,213,366
WXT cryptocurrency tokens	16,663,122	21,000,000
	<u>57,170,910</u>	<u>48,213,366</u>

The total amount of inventories recognised as an expense amount to £585,306,470 (2021: £296,324,073).

During the year, the Group recognised within administration expense a loss of £40,763,016 (2021: £806,791) relating to the decrease in fair value of inventory.

**16. Trade and other receivables****Group**

	<b>2021 £</b>	<b>2020 £</b>
Trade receivables	-	675,761
<b>Trade receivables - net</b>	<u>-</u>	<u>675,761</u>
Prepayments and accrued income	302,259	385,312
Tax recoverable	814,280	814,280
Other receivables	3,281,711	3,294,018
<b>Total trade and other receivables</b>	<u>4,398,250</u>	<u>5,169,371</u>
<b>Total current portion</b>	<u>(4,398,250)</u>	<u>(5,169,371)</u>

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****16. Trade and other receivables (continued)****Company**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Receivables from related parties	<b>2,954,340</b>	2,400
<b>Total financial assets other than cash and cash equivalents classified as loans and receivables</b>	<b>2,954,340</b>	2,400
<b>Total current portion</b>	<b>(2,954,340)</b>	(2,400)

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

**17. Cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	<b>4,217,984</b>	1,707,299
	<b>4,217,984</b>	1,707,299

This amount is net of £29,053,309 (2020: £18,085,699) of cash balances owned by the company and £24,835,325 (2020: £16,378,400) of cash held on behalf of clients.

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****18. Trade and other payables****Group**

	2021 £	2020 £
Trade payables	1,483,240	874,600
Other payables	74,250,091	49,501,827
Accruals	73,996	85,651
<b>Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost</b>	<b>75,807,327</b>	<b>50,462,078</b>
Other payables - tax and social security payments	5,007	714,496
<b>Total trade and other payables</b>	<b>75,812,334</b>	<b>51,176,574</b>
Less: current portion - trade payables	(1,483,240)	(874,600)
Less: current portion - other payables	(74,255,098)	(50,216,323)
Less: current portion - accruals	(73,996)	(85,651)
<b>Total current portion</b>	<b>(75,812,334)</b>	<b>(51,176,574)</b>
<b>Total non-current position</b>	<b>-</b>	<b>-</b>

**Company**

	2021 £	2020 £
Accruals	29,000	14,400
<b>Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost</b>	<b>29,000</b>	<b>14,400</b>
<b>Total current portion</b>	<b>(29,000)</b>	<b>(14,400)</b>

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****19. Loans and borrowings****Group**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Non-current</b>		
Other loans - unsecured	-	2,271,920
	<u>-</u>	<u>2,271,920</u>
<b>Current</b>		
Other loans - unsecured	5,159,428	-
Lease liabilities	134,219	544,376
	<u>5,293,647</u>	<u>544,376</u>
<b>Total loans and borrowings</b>	<u><u>5,293,647</u></u>	<u><u>2,816,296</u></u>

The carrying value of loans and borrowings classified as financial liabilities measured at amortised cost approximates fair value.

Within other loans is an interest-free loan of £1,162,688 which is repayable in \$1,600,000 worth of DAI tokens within 1 year. There is no security on this loan. Additionally there are 3 loans totaling £3,996,740 which attract interest at between 11% and 13% and are due within 1 year. These loans have required collateral of BTC 201.14 and Ltc 2,800 which equate in value to £5,388,853. This collateral is held within inventory.

**20. Share capital****Authorised**

	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>Number</b>	<b>£</b>	<b>Number</b>	<b>£</b>
<b>Shares treated as equity</b>				
Ordinary shares of £0.001 each	11,085,654	11,086	11,080,000	11,080
Ordinary B shares of £0.001 each	209,000	209	209,000	209
Series A Preference shares of £0.001 each	2,258,000	2,258	2,258,000	2,258
	<u>13,552,654</u>	<u>13,553</u>	<u>13,547,000</u>	<u>13,547</u>

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****20. Share capital (continued)****Issued and fully paid**

	<b>2021 Number</b>	<b>2021 £</b>	<b>2020 Number</b>	<b>2020 £</b>
<b>Ordinary shares of £0.001 each</b>				
At 1 July	<b>11,080,000</b>	<b>11,080</b>	11,080,000	11,080
Shares issued	<b>5,654</b>	<b>6</b>	-	-
<b>At 30 June</b>	<b>11,085,654</b>	<b>11,086</b>	<b>11,080,000</b>	<b>11,080</b>
	<b>2021 Number</b>	<b>2021 £</b>	<b>2020 Number</b>	<b>2020 £</b>
<b>Ordinary B shares of £0.001 each</b>				
At 1 July and 30 June	<b>209,000</b>	<b>209</b>	209,000	209
	<b>2021 Number</b>	<b>2021 £</b>	<b>2020 Number</b>	<b>2020 £</b>
<b>Series A Preference shares of £0.001 each</b>				
At 1 July and 30 June	<b>2,258,000</b>	<b>2,258</b>	2,258,000	2,258

Class A Shares have full rights in the Company in respect to Voting, Dividends and Distributions.

Class B Shares have no voting rights attached to them and Class B shareholders do not have the right to receive notice of any General Shareholders Meetings, nor the right to attend such General Shareholders Meetings in accordance with the Company's articles.

Series A Preference shares have full rights in the Company with respect to Voting, Dividends and Distributions.

The preference shares rank above that of the A and B shares in the event of liquidation until the price of £1,068.50 per share is repaid out of distributable reserves.

## Wirex Holdings Limited

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### Notes to the consolidated financial statements For the year ended 30 June 2021

#### 21. Reserves

##### Share premium

Share premium represents the cumulative difference between the par value of the Company's shares and the total amount of money received for shares issued.

##### Other reserves

Other reserves represents the sum total of a contribution of capital amounting to £6,409,191 which is treated as equity under IAS 32 because it is not repayable, and the total cumulative balance related to the share based payments made by the Company.

##### Retained earnings

Retained earnings represents the cumulative losses made by the Group to date.

#### 22. Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Capital resources include initial capital requirements and ongoing capital requirements. As an Authorised Electronic Money Institution, Wirex is required to hold €350,000 of regulatory capital as a condition of authorisation (initial capital requirements). This condition, as a minimum value, needs to be maintained at all times and can be made of the following items:

- capital instruments;
- share premium accounts;
- retained earnings;
- accumulated other comprehensive income; and
- other reserves.

In addition to the initial capital requirements, Wirex must meet ongoing capital requirements, which are minimum own funds held by Wirex and are dependent upon the value of services they undertake.

Wirex must calculate and hold own funds provisions for its Unrelated Payment Services separately to their electronic money issuance and related payment services. Therefore, any Unrelated Payment Services ongoing capital requirements are in addition to requirements under electronic money issuance. However, to the extent that the calculations under for e-money issuance and related payment services are less than the €350,000 minimum initial capital requirement, the Unrelated Payment Services requirements using need only be in addition to the calculations for electronic money issuance and do not need to be in addition to the €350,000 minimum capital.

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****23. Financial instruments - fair values and risk management**

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk.

Risk management is carried out by the Group's management under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Management identifies, evaluates and hedges financial risks within the Group's operating units.

The financial assets of the Group and Company comprises of trade and other receivables, excluding prepayments. While financial liabilities are made up of liabilities, excluding cryptocurrency denominated balances. Below are the totals:

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Company 2021 £</b>	<b>Company 2020 £</b>
<b>Financial assets</b>				
At amortised cost	<b>4,041,991</b>	1,022,023	<b>2,954,340</b>	2,400
<b>Financial liabilities</b>				
At amortised cost	<b>14,060,691</b>	10,315,184	-	-

**Market risk***Foreign currency risk*

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

*Price risk*

The Group is not exposed to any significant price risk.

*Interest rate risk*

The Group is not exposed to any significant interest rate risk.



**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****Financial instruments - fair values and risk management (continued)****Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral. The Group's exposure to credit risk is concentrated in corporation tax balances, and some deposits held in regulated payment service providers. These are all considered to have low credit risk on recognition, and the directors monitor payment service providers for signs of increase in the credit risk. There has been no history of credit loss on these balances and therefore the directors have not recognised any expected credit loss.

**Liquidity risk**

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

**24. Fair values - Cryptocurrency denominated balances**

The balances of the Group denominated in cryptocurrencies are held at fair value and consist of held cryptocurrency tokens not held for trading and shown in intangible fixed assets, cryptocurrency tokens held for trading and shown in inventory, unsecured loans repayable in cryptocurrency tokens and amounts due to customers denominated in cryptocurrency balances. Below are the totals:

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Level 1 assets held in intangible fixed assets	<b>2,332,224</b>	-
Level 1 assets held in inventory	<b>40,507,788</b>	27,213,366
Level 3 assets held in inventory	<b>16,663,122</b>	21,000,000
Level 1 liabilities shown in borrowings	<b>(5,159,428)</b>	(2,271,920)
Level 1 liabilities shown in other payables	<b>(61,811,866)</b>	(44,127,996)
	<b><u>(7,468,160)</u></b>	<b><u>1,813,450</u></b>

Level 1 assets and liabilities are held at the fair value, calculated by reference to an actively traded market at the end of the 30th June 2021. These balances are deemed to be level 1 within the fair value hierarchy, as there is an active market for trade. There are no movements between level 1 and 2 within the fair value hierarchy.

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****Fair values - Cryptocurrency denominated balances**

The Group classifies its holdings in WXT cryptocurrency tokens as a level 3 valuation in the fair value hierarchy. At the end of each reporting period, the Directors update their assessment of the fair value of WXT, taking into account the sales and volumes during the period.

Given the volume of the position held by the Group, the Directors estimate a discount to the market value, determined by reference to actively traded markets, taking into account the presale demand for the token and the average price in the active markets immediately preceding the end of the financial year.

**Valuation inputs and relationships to fair value**

The assets recognised using a level 3 fair value input relate to the Group's holding in WXT tokens. At 30 June 2021 the total fair value amounted to £16,663,122 (30 June 2020 - £21,000,000). The unobservable input related to a discount to the quoted price on actively traded markets. At 30 June 2021, the input to quoted price was 12.09% (30 June 2020 - 24%). The relationship of this unobservable input to the fair value, is the greater the discount, the lower the fair value. The directors used the square-root model methodology in calculating the discount to market price, through estimates on normally traded volumes based on industry data. The discount input reduces as the volume of tokens compared to normally traded volumes reduces. A total unrealised loss of £2,004,654 was recognised resulting from fair value movements on these assets in administration expenses.

**25. Share based payments**

The Employee Option Plan is designed to provide long-term incentives for senior managers and above (including executive Directors) to deliver long-term shareholder returns. Under the plan, participants are granted options over a 4-year period. The shares vest 25% during the first year of service and continue until fully vested. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

All options outstanding have an average weighted exercise price of £0.001 per share. The fair value of options when issued are estimated by directors and based on the latest valuations of the Group by external investors.

The movement in share options outstanding is summarised below:

	<b>2021 Number</b>	<b>2020 Number</b>
Outstanding at the beginning of the year	<b>408,000</b>	68,000
Options issued	<b>136,000</b>	340,000
Options exercised	<b>(221,000)</b>	-
Options surrendered	<b>(136,000)</b>	-
	<b>187,000</b>	408,000

The total expense recognised in the year in relation to the issuance of share options was £2,764,393 (2020 £755,281).

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****26. Analysis of amounts recognised in other comprehensive income**

	<b>Retained earnings £</b>
<b>Year to 30 June 2021</b>	
Exchange differences arising on translation of foreign operations	172,134
	<u><b>172,134</b></u>

**27. Leases****Group****(i) Leases as a lessee**

The Group leases a property in Ukraine. Details about the right of use asset can be seen in note 12.

Lease liabilities are due as follows:

	<b>2021 £</b>
<b>Contractual undiscounted cash flows due</b>	
Not later than one year	140,930
	<u><b>140,930</b></u>
Lease liabilities included in the Consolidated statement of financial position at 30 June	<u><b>134,219</b></u>
Current	<u><b>134,219</b></u>

The following amounts in respect of leases have been recognised in profit or loss:

	<b>2021 £</b>
Interest expense on lease liabilities	<u><b>27,218</b></u>

**Wirex Holdings Limited****Notes to the consolidated financial statements  
For the year ended 30 June 2021****28. Notes supporting statement of cash flows****Group**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Cash at bank available on demand	<b>4,217,984</b>	1,707,299
<b>Cash and cash equivalents in the statement of financial position</b>	<b>4,217,984</b>	1,707,299
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>4,217,984</b>	1,707,299

**29. Events after the reporting date**

In January 2022, a new fundraising was completed. Third party investors agreed to purchase 2,447,925 series B preference shares of Wirex Holdings Ltd in exchange for a total consideration of £10,999,996 which adds a significant amount of equity to Wirex Holdings Ltd. As of today, 1,493,234 of those shares have been purchased for total consideration of £6,709,996 and the remaining 954,691 series B preference shares for total consideration of £4,290,000 is expected in the short term.

The Group set up a new subsidiary in Croatia to improve the servicing of its European clients and expanded its offering, launching services to US customers in February 2022.