

Elliptic Enterprises Limited

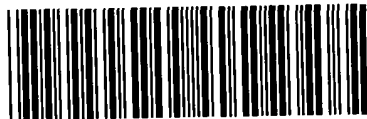
Annual Report and Financial Statements

Year Ended

31 March 2021

Company Number 08458210

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31/03/2022

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COMPANIES HOUSE

Elliptic Enterprises Limited

Company Information

Directors

S D Maini
C Scoggins
J S Smith
Z Xu
E W A Lascelles
T Nii
C C Pilling

**Registered number**

08458210

Registered office

Office 7 35-37 Ludgate Hill
London
EC4M7JN

Independent auditors

Nexia Smith & Williamson
Chartered Accountants & Statutory Auditor
25 Moorgate
London
EC2R 6AY

Elliptic Enterprises Limited

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Elliptic Enterprises Limited

Group Strategic Report For the Year Ended 31 March 2021

Introduction

Elliptic Enterprises Limited and its subsidiaries (Elliptic) provides a market-leading anti-money laundering (AML) and software-as-a-service (SaaS) platform to the world's leading cryptoasset exchanges, fintechs, traditional financial institutions and government agencies – screening more than \$1 billion in transactions every week.

Elliptic believes that a world powered by crypto will provide a freer, fairer and safer financial system, and it will help make this a reality by providing the leading source of crypto intelligence. Elliptic's software is essential in ensuring that cryptoassets are safe and accessible to all, while also helping to prevent financial crime.

Business review

The year ending 31 March 2021 saw Elliptic's rapid global growth continue. Elliptic has established a presence in the US, APAC and EMEA, ensuring it can service the needs of global clients and meet the needs of the crypto community. The business successfully managed the impact of the pandemic in 2020 – and the uncertainties created by economic instability – to deliver greater momentum and revenue growth of 73%.

The company continued to invest heavily in technology infrastructure and innovation, improving and expanding its product offering and user experience. Elliptic launched its market-leading wallet-screening tool Lens and the VASP risk-screening tool Discovery. Elliptic also expanded its coverage of blockchain activity to cover more than 98% of all cryptoassets by market cap, and two thirds of crypto volume worldwide is transacted on exchanges that use Elliptic.

Principal risks and uncertainties

Foreign exchange risk

Elliptic has some exposure to foreign exchange fluctuations through its business operations with suppliers and customers. The Group manages this risk through the identification of future currency flows and the maintenance of foreign currency bank accounts.

Financial key performance indicators

During the year, Elliptic grew revenues by 73% on the previous year, to reach £4.4 million. This was achieved by the consistent acquisition of new customers – both native to the crypto market, and fintech and traditional financial institutions moving into crypto – and the growth of existing customers as Elliptic enabled them to scale their businesses.

Elliptic Enterprises Limited

Group Strategic Report (continued) For the Year Ended 31 March 2021

Series C fund raise

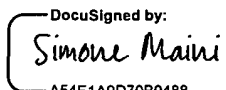
In October 2021, Elliptic successfully raised a \$60m Series C equity investment to fuel further growth. The financing round was led by Evolution Equity Partners, alongside new investment from SoftBank Vision Fund 2. Existing investors AlbionVC, Digital Currency Group, Wells Fargo Strategic Capital, SBI Group, Octopus Ventures, SignalFire and Paladin Capital Group also participated.

The latest fundraise will accelerate Elliptic's efforts in enabling financial markets participants to embrace the crypto opportunity with trust and confidence. With the new investment, Elliptic plans to strengthen its global leadership position through continued research and development, investment in its global network and expansion of Elliptic's team.

As part of the Series C equity investment, the Company issued:

- 1 Ordinary A Share at a price of \$21.53 per share for a total consideration of \$21.53.
- 1 Series A Preferred Share at a price of \$21.53 per share for a total consideration of \$21.53.
- 1 Series A Preferred Share at a price of \$21.53 per share for a total consideration of \$21.53.
- 7 Series B Preferred Shares at a price of \$21.53 per share for a total consideration of \$150.70.
- 2,787,033 Series C Preferred Shares at a price of \$21.53 per share for a total consideration of \$59,999,803.83.

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

DocuSigned by:

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S D Maini
Director

Date: Mar-30-2022

Elliptic Enterprises Limited

Directors' Report For the Year Ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Principal activity

The Group's principal activity is that of providing anti money laundering software tools.

Directors

The directors who served during the year were:

W G Kortschak (resigned 7 April 2020)
S D Maini (appointed 7 April 2020)
T Robinson (resigned 7 April 2020)
C Scoggins
J S Smith
Z Xu
E W A Lascelles (appointed 22 August 2019)
T Nii (appointed 22 August 2019)
C C Pilling (appointed 1 January 2021)

Directors' responsibilities statement

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

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

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

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

Results and dividends

The loss for the year, after taxation, amounted to £6,899,099 (2020 - loss £8,598,221).

The directors do not recommend payment of a dividend (2020 - £nil).

Elliptic Enterprises Limited

Directors' Report (continued) For the Year Ended 31 March 2021

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Post balance sheet events

In October 2021, Elliptic successfully raised a \$60m Series C equity investment to fuel further growth. The financing round was led by Evolution Equity Partners, alongside new investment from SoftBank Vision Fund 2. Existing investors AlbionVC, Digital Currency Group, Wells Fargo Strategic Capital, SBI Group, Octopus Ventures, SignalFire and Paladin Capital Group also participated.

The latest fundraise will accelerate Elliptic's efforts in enabling financial markets participants to embrace the crypto opportunity with trust and confidence. With the new investment, Elliptic plans to strengthen its global leadership position through continued research and development, investment in its global network and expansion of Elliptic's team.

As part of the Series C equity investment, the Company issued:

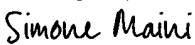
- 1 Ordinary A Share at a price of \$21.53 per share for a total consideration of \$21.53.
- 1 Series A Preferred Share at a price of \$21.53 per share for a total consideration of \$21.53.
- 1 Series A Preferred Share at a price of \$21.53 per share for a total consideration of \$21.53.
- 7 Series B Preferred Shares at a price of \$21.53 per share for a total consideration of \$150.70.
- 2,787,033 Series C Preferred Shares at a price of \$21.53 per share for a total consideration of \$59,999,803.83.

The Company issued 1,753 Ordinary Shares at a price of £1.056 per share for a total consideration of £1,851.17.

Auditors

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

DocuSigned by:

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S D Maini
Director

Date: Mar-30-2022

Elliptic Enterprises Limited

Independent Auditor's report to the members of Elliptic Enterprises Limited

Opinion

We have audited the financial statements of Elliptic Enterprises Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and 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.

Other information

The other information comprises the information included in Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Financial Statements. 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.

We have nothing to report in this regard.

Elliptic Enterprises Limited

Independent Auditor's report to the members of Elliptic Enterprises Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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

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

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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 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 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, outlined 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:

We obtained a general understanding of the Group and Company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the Group and Company's policies and procedures in relation to compliance with relevant laws and regulations and how management identify breaches of the applicable requirements. We also drew on our existing understanding of the Group and Company's industry and regulation.

Elliptic Enterprises Limited

Independent Auditor's report to the members of Elliptic Enterprises Limited (continued)

We understand that the Group and the Company comply with requirements of the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change; and
- The Directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly and are considered at Board meetings.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Group and Company's ability to conduct its business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the Group and Company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.

To gain evidence about compliance with the significant laws and regulations above we reviewed board meeting minutes, reviewed the legal expense account and obtained written management representations regarding the adequacy of procedures in place.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the Group and Company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were the risk of manipulation of the financial statements through manual journal entries and incorrect recognition of revenue. These areas were communicated to the other members of the engagement team who were not present at the discussion.

The procedures we carried out to gain evidence in the above areas included;

- Testing of a sample of revenue transactions to underlying documentation; and
- Testing of a sample of manual journal entries, selected through applying specific risk assessments based on the Group and Company's processes and controls surrounding manual journal entries.

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

Other matter

The financial statements of the Company and the Group for the year ended 31 March 2020 were unaudited.

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.

Nexia Smith & Williamson

Jonathan Wiseman

Senior Statutory Auditor, for an on behalf of

Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
25 Moorgate
London
EC2R 6AY

Date: 31/03/2022

Elliptic Enterprises Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 March 2021

	Note	2021 £	Unaudited 2020 £
Turnover	4	4,359,487	2,523,426
Cost of sales		(669,178)	(520,487)
Gross profit		3,690,309	2,002,939
Administrative expenses		(10,511,067)	(10,679,363)
Exceptional administrative expenses	12	(266,902)	(103,876)
Other operating income	5	173,039	-
Operating loss	6	(6,914,621)	(8,780,300)
Interest receivable and similar income	10	17,086	14,996
Loss before taxation		(6,897,535)	(8,765,304)
Tax on loss		(1,564)	167,083
Loss for the financial year		(6,899,099)	(8,598,221)
Foreign exchange movement		12,422	(66,219)
Crypto currency revaluation	13	226,287	-
Other comprehensive income for the year		238,709	(66,219)
Total comprehensive income for the year		(6,660,390)	(8,664,440)

The notes on pages 17 to 36 form part of these financial statements.

Elliptic Enterprises Limited

Registered number: 08458210

**Consolidated Statement of Financial Position
As at 31 March 2021**

	Note	2021 £	Unaudited 2020 £
Fixed assets			
Intangible assets	13	269,079	67,577
Tangible assets	14	104,432	135,855
		<u>373,511</u>	<u>203,432</u>
Current assets			
Debtors: amounts falling due within one year	16	1,427,916	1,284,908
Cash and cash equivalents		8,057,517	14,294,078
		<u>9,485,433</u>	<u>15,578,986</u>
Creditors: amounts falling due within one year	17	(2,172,837)	(1,482,940)
Net current assets		<u>7,312,596</u>	<u>14,096,046</u>
Total assets less current liabilities		<u>7,686,107</u>	<u>14,299,478</u>
Net assets		<u><u>7,686,107</u></u>	<u><u>14,299,478</u></u>
Capital and reserves			
Called up share capital	19	7	7
Share premium account	20	29,755,550	29,730,132
Revaluation reserve	20	237,977	-
Foreign exchange reserve	20	(53,797)	(66,219)
Share options reserve	20	83,560	-
Profit and loss account	20	(22,337,190)	(15,364,442)
		<u>7,686,107</u>	<u>14,299,478</u>

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

DocuSigned by:

Simone Maini

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S D Maini

Director

The notes on pages 17 to 36 form part of these financial statements.

Elliptic Enterprises Limited

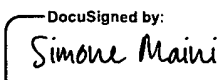
Registered number: 08458210

**Company Statement of Financial Position
As at 31 March 2021**

	Note	2021 £	Unaudited 2020 £
Fixed assets			
Intangible assets	13	269,079	67,577
Tangible assets	14	90,452	117,536
Investments	15	118,477	124,920
		478,008	310,033
Current assets			
Debtors: amounts falling due within one year	16	2,332,148	1,985,830
Cash and cash equivalents		6,652,387	13,699,882
		8,984,535	15,685,712
Creditors: amounts falling due within one year	17	(1,083,669)	(912,918)
Net current assets		7,900,866	14,772,794
Total assets less current liabilities		8,378,874	15,082,827
Net assets		8,378,874	15,082,827
Capital and reserves			
Called up share capital	19	7	7
Share premium account	20	29,755,550	29,730,132
Revaluation reserve	20	237,977	-
Share options reserve	20	83,560	-
Profit and loss account	20	(21,698,220)	(14,647,312)
		8,378,874	15,082,827

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. During the year, the Company made a loss of £6,977,259 (2020 - £8,606,281).

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

DocuSigned by:


S D Maini
 Director

The notes on pages 17 to 36 form part of these financial statements.

Elliptic Enterprises Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 March 2021

	Share capital	Share premium account	Revaluation reserve	Foreign exchange reserve	Share options reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 April 2020 (unaudited)	7	29,730,132	-	(66,219)	-	(15,364,442)	14,299,478
Comprehensive loss for the year							
Loss for the year	-	-	-	-	-	(6,899,099)	(6,899,099)
Currency translation differences	-	-	-	12,422	-	-	12,422
Crypto currency revaluation	-	-	226,287	-	-	-	226,287
Total comprehensive loss for the year	-	-	226,287	12,422	-	(6,899,099)	(6,660,390)
Contributions by and distributions to owners							
Shares issued during the year	-	25,418	-	-	-	-	25,418
Transfer from profit and loss account	-	-	11,690	-	78,117	(89,807)	-
Share based payment expense	-	-	-	-	21,601	-	21,601
Lapsed options	-	-	-	-	(16,158)	16,158	-
Total transactions with owners	-	25,418	11,690	-	83,560	(73,649)	47,019
At 31 March 2021	7	29,755,550	237,977	(53,797)	83,560	(22,337,190)	7,686,107

The notes on pages 17 to 36 form part of these financial statements.

Elliptic Enterprises Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 March 2020

	Share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Unaudited Total equity
	£	£	£	£	£
At 1 April 2019	4	8,401,053	-	(6,796,343)	1,604,714
Comprehensive loss for the year					
Loss for the year	-	-	-	(8,598,221)	(8,598,221)
Currency translation differences	-	-	(66,219)	-	(66,219)
Total comprehensive loss for the year	-	-	(66,219)	(8,598,221)	(8,664,440)
Contributions by and distributions to owners					
Shares issued during the year	3	21,329,079	-	-	21,329,082
Share based payment expense	-	-	-	30,122	30,122
Total transactions with owners	3	21,329,079	-	30,122	21,359,204
At 31 March 2020	7	29,730,132	(66,219)	(15,364,442)	14,299,478

The notes on pages 17 to 36 form part of these financial statements.

Elliptic Enterprises Limited

Company Statement of Changes in Equity For the Year Ended 31 March 2021

	Share capital	Share premium account	Revaluation reserve	Share options reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 April 2020 (unaudited)	7	29,730,132	-	-	(14,647,312)	15,082,827
Comprehensive loss for the year						
Loss for the year	-	-	-	-	(6,977,259)	(6,977,259)
Crypto currency revaluation	-	-	226,287	-	-	226,287
Contributions by and distributions to owners						
Shares issued during the year	-	25,418	-	-	-	25,418
Transfer from profit and loss account	-	-	11,690	78,117	(89,807)	-
Share based payment expense	-	-	-	21,601	-	21,601
Lapsed options	-	-	-	(16,158)	16,158	-
Total transactions with owners	-	25,418	11,690	83,560	(73,649)	47,019
At 31 March 2021	7	29,755,550	237,977	83,560	(21,698,220)	8,378,874

The notes on pages 17 to 36 form part of these financial statements.

Elliptic Enterprises Limited

Company Statement of Changes in Equity For the Year Ended 31 March 2020

	Share capital	Share premium account	Profit and loss account	Unaudited Total equity
	£	£	£	£
At 1 April 2019	4	8,401,053	(6,071,153)	2,329,904
Comprehensive loss for the year				
Loss for the year	-	-	(8,606,281)	(8,606,281)
Contributions by and distributions to owners				
Shares issued during the year	3	21,329,079	-	21,329,082
Share based payment expense	-	-	30,122	30,122
Total transactions with owners	<u>3</u>	<u>21,329,079</u>	<u>30,122</u>	<u>21,359,204</u>
At 31 March 2020	<u>7</u>	<u>29,730,132</u>	<u>(14,647,312)</u>	<u>15,082,827</u>

The notes on pages 17 to 36 form part of these financial statements.

Elliptic Enterprises Limited

Consolidated Statement of Cash Flows For the Year Ended 31 March 2021

	2021 £	Unaudited 2020 £
Cash flows from operating activities		
Loss for the financial year	(6,899,099)	(8,598,221)
Adjustments for:		
Depreciation of tangible assets	63,811	46,250
Loss on disposal of intangible assets	24,785	20,037
Loss on disposal of tangible assets	1,927	-
Interest received	(17,086)	(14,996)
Taxation charge / (credit)	1,564	(167,083)
(Increase) in debtors	(143,008)	(697,358)
Increase in creditors	687,812	970,924
Corporation tax received	2,513	167,335
Foreign exchange movement	13,663	(66,219)
Share based payment charge	21,601	30,122
Revaluation of intangible fixed assets	-	(67,577)
Net cash used by operating activities	(6,241,517)	(8,376,786)
Cash flows from investing activities		
Purchase of tangible fixed assets	(37,073)	(112,179)
Sale of tangible fixed assets	1,515	-
Interest received	17,086	14,996
Net cash from investing activities	(18,472)	(97,183)

Elliptic Enterprises Limited

Consolidated Statement of Cash Flows (continued) For the Year Ended 31 March 2021

	2021 £	2020 £
Cash flows from financing activities		
Issue of ordinary shares	25,418	21,329,082
Net cash used in financing activities	<u>25,418</u>	<u>21,329,082</u>
Net (decrease)/increase in cash and cash equivalents	<u>(6,234,571)</u>	<u>12,855,113</u>
Cash and cash equivalents at beginning of year	14,291,335	1,436,222
Cash and cash equivalents at the end of year	<u><u>8,056,764</u></u>	<u><u>14,291,335</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	8,057,517	14,294,078
Bank overdrafts	(753)	(2,743)
	<u><u>8,056,764</u></u>	<u><u>14,291,335</u></u>

The notes on pages 17 to 36 form part of these financial statements.

Elliptic Enterprises Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

1. General information

Elliptic Enterprises Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the Company's operations and its principal activities are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. During the year, the company made a loss of £6,977,259 (2020 - £8,606,281.)

The following principal accounting policies have been applied:

2.2 Turnover

Turnover represents amounts receivable for services. The total turnover of the Group for the year has been derived from its principal activities. Revenue from a contract to provide services is recognised in the period in which the services are provided.

2.3 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Elliptic Enterprises Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.4 Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Group will continue to trade for the foreseeable future, being a period of at least twelve months from the date of approval of these financial statements, and will be able to meet its debts as they fall due.

During the year, the Group expanded its sales team and continued to invest in new products and infrastructure, increasing the cost base for the year. Despite the impact of the global Coronavirus and the uncertainty in the global economy, sales growth remained healthy. The Group reported a loss after tax for the year of £6,899,099 (2020 - £8,598,221) and had net assets of £7,686,107.

The Directors have prepared forecasts to December 2023 and are confident that the Group will have the resources to meet its day to day liabilities. The Group raised \$60m in equity through a series C round in October 2021 which will provide sufficient cash reserves to cover all ongoing cash requirements for at least the next 12 months from the date of signature of these accounts. In light of the global Coronavirus pandemic, the Group has moved its staff to working remotely. The Group also benefits from being an online marketplace and using cloud-based information technology systems for most aspects of managing and operating its business. Based on all of the above, the directors believe that the Group has access to adequate resources to continue being in operational existence for the foreseeable future and that it is appropriate to continue to adopt the going concern basis for the preparation of these financial statements.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'administrative expenses'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Elliptic Enterprises Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.8 Pensions

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 Group 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 the Consolidated Statement of Comprehensive Income 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.

2.9 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Consolidated Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

Elliptic Enterprises Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.10 Taxation

Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.12 Intangible assets

Intangible assets, held as Crypto currencies (Bitcoin) are included in fixed assets in the balance sheets as intangible assets with indefinite useful lives. Cryptocurrencies held by the Group and Company are assessed under the Revaluation model, with initial measurement at cost and subsequent measurement at fair value less any accumulated amortisation and impairment. Revaluations above cost are charged to Other Comprehensive Income and movements below cost expensed to the Income Statement.

2.13 Tangible fixed assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

Depreciation is provided on the following basis:

Office equipment	-	25%
Computer equipment	-	33%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

Elliptic Enterprises Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.14 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.18 Creditors

Short term creditors are measured at the transaction price.

2.19 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Elliptic Enterprises Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.19 Financial instruments (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (after deducting transaction costs) and subsequently held at amortised cost.

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

In preparing these financial statements, the directors have had to make the following judgements:

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

4. Turnover

	2021 £	Unaudited 2020 £
United Kingdom	364,721	72,027
Rest of Europe	564,511	356,373
Rest of the world	3,430,255	2,095,026
	4,359,487	2,523,426

Elliptic Enterprises Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

5. Other operating income

	2021 £	2020 £
Government grants receivable	<u>173,039</u>	<u>-</u>

Government grants of £173,039 (2020 - £Nil) was received by the Company in respect of the Coronavirus Job Retention Scheme ("CJRS"), a UK Government's furlough scheme which was created for the purpose of supporting businesses during the pandemic.

6. Operating loss

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

	2021 £	Unaudited 2020 £
Depreciation	63,811	46,250
Exchange differences	513,489	(476,674)
Other operating lease rentals	1,186,862	1,005,280
Share based payment expense	<u>21,601</u>	<u>30,122</u>

7. Auditor's remuneration

	2021 £	Unaudited 2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>42,000</u>	<u>-</u>

Elliptic Enterprises Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

8. Employees

Staff costs were as follows:

	Group	Group	Company	Company
	2021	Unaudited	2021	Unaudited
	£	2020	£	2020
		£		£
Wages and salaries	5,361,588	5,642,767	4,458,570	4,181,380
Social security costs	633,012	632,854	569,047	516,425
Pension costs	88,999	77,685	60,761	60,100
	6,083,599	6,353,306	5,088,378	4,757,905

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

	2021	Unaudited
	No.	2020
		No.
Staff	80	79

9. Directors' remuneration

	2021	Unaudited
	£	2020
		£
Directors' emoluments	317,104	289,164
Company contributions to defined contribution pension schemes	2,626	11,767
Share based payment expense	3,275	5,613
	323,005	306,544

During the year, retirement benefits were accruing for 2 directors (2020 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £153,377 (2020: £149,977).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,313 (2020 - £6,265).

Elliptic Enterprises Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

10. Interest receivable

	2021 £	Unaudited 2020 £
Other interest receivable	17,086	14,996

11. Taxation

	2021 £	Unaudited 2020 £
Corporation tax		
Current tax on profits for the year	1,564	6,782
Adjustments in respect of previous periods	-	(173,865)
Total current tax	1,564	(167,083)
Taxation on profit/(loss) on ordinary activities	1,564	(167,083)

Elliptic Enterprises Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	Unaudited 2020 £
Loss on ordinary activities before tax	(6,897,535)	(8,765,304)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(1,310,532)	(1,665,408)
Effects of:		
Fixed asset timing differences	3,268	-
Expenses not deductible for tax purposes	4,173	14,985
Adjustments to tax charge in respect of prior periods (Research & Development)	-	(173,865)
Non-taxable income	(7,493)	(5,268)
Effects of overseas tax rates	(98)	14
Other permanent differences	4,030	6,918
Utilisation of losses not previously recognised	(11,063)	(4,232)
State taxes	799	6,530
Movement in deferred tax not recognised	1,318,480	1,722,188
Remeasurement of deferred tax for changes in tax rates	-	(68,945)
Total tax charge/(credit) for the year	1,564	(167,083)

Factors that may affect future tax charges

A deferred tax asset of £3,723,792 (2020 - £2,453,342) in respect of available tax losses has not been recognised at 31 March 2021 due to the uncertainty over its recoverability.

Elliptic Enterprises Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

12. Exceptional items

	2021 £	Unaudited 2020 £
Severance costs	273,942	55,678
Subsidiary establishment costs	-	33,198
Restructuring costs	(7,040)	15,000
	<u>266,902</u>	<u>103,876</u>

13. Intangible assets

Group

	Crypto Currency - Bitcoin £
Valuation	
At 1 April 2020 (unaudited)	67,577
Revaluations	226,287
Disposals	(24,785)
At 31 March 2021	<u>269,079</u>
Net book value	
At 31 March 2021	<u>269,079</u>
At 31 March 2020	<u>67,577</u>

Elliptic Enterprises Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

13. Intangible assets (continued)

Company

	Crypto Currency - Bitcoin £
Valuation	
At 1 April 2020 (unaudited)	67,577
Revaluations	226,287
Disposals	(24,785)
At 31 March 2021	<u>269,079</u>
Net book value	
At 31 March 2021	<u><u>269,079</u></u>
At 31 March 2020	<u><u>67,577</u></u>

Elliptic Enterprises Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

14. Tangible fixed assets

Group

	Office equipment £	Computer equipment £	Total £
Cost or valuation			
At 1 April 2020 (unaudited)	17,195	197,166	214,361
Additions	-	37,073	37,073
Disposals	-	(4,187)	(4,187)
Exchange adjustments	(104)	(2,312)	(2,416)
At 31 March 2021	17,091	227,740	244,831
Depreciation			
At 1 April 2020 (unaudited)	2,888	75,618	78,506
Charge for the year on owned assets	4,558	61,131	65,689
Disposals	-	(2,621)	(2,621)
Exchange adjustments	(36)	(1,139)	(1,175)
At 31 March 2021	7,410	132,989	140,399
Net book value			
At 31 March 2021	9,681	94,751	104,432
At 31 March 2020	14,307	121,548	135,855

Elliptic Enterprises Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

14. Tangible fixed assets (continued)

Company

	Office equipment £	Computer equipment £	Total £
Cost or valuation			
At 1 April 2020 (unaudited)	16,113	172,407	188,520
Additions	-	31,035	31,035
Disposals	-	(4,187)	(4,187)
At 31 March 2021	16,113	199,255	215,368
Depreciation			
At 1 April 2020 (unaudited)	2,680	68,304	70,984
Charge for the year on owned assets	4,219	52,334	56,553
Disposals	-	(2,621)	(2,621)
At 31 March 2021	6,899	118,017	124,916
Net book value			
At 31 March 2021	9,214	81,238	90,452
At 31 March 2020	13,433	104,103	117,536

Elliptic Enterprises Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2020 (unaudited)	124,920
Correction to cost	(6,443)
At 31 March 2021	<u>118,477</u>
Net book value	
At 31 March 2021	<u>118,477</u>
At 31 March 2020	<u>124,920</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Elliptic Inc	USA	Common stock	100%
Elliptic Singapore Private Limited	Singapore	Common stock	100%
Elliptic Japan KK	Japan	Common stock	100%

The registered office for Elliptic Inc is 1732 1st Avenue #23346, New York, NY, 10128, USA.

The registered office for Elliptic Singapore Private Limited is 29-11 South Beach Tower, 38 Beach Road, Singapore, 189767.

The registered office for Elliptic Japan KK is Tokyo Club Building 11F, 3-2-6 Kasumigaseki Chiyoda-ku, Tokyo.

Elliptic Enterprises Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

16. Debtors

	Group 2021 £	Group Unaudited 2020 £	Company 2021 £	Company Unaudited 2020 £
Trade debtors	627,936	668,855	83,454	209,929
Amounts owed by group undertakings	-	-	1,563,134	1,252,912
Other debtors	310,824	365,584	284,225	329,757
Prepayments and accrued income	489,156	250,469	401,335	193,232
	<u>1,427,916</u>	<u>1,284,908</u>	<u>2,332,148</u>	<u>1,985,830</u>

17. Creditors: Amounts falling due within one year

	Group 2021 £	Group Unaudited 2020 £	Company 2021 £	Company Unaudited 2020 £
Bank overdrafts	753	2,743	-	-
Trade creditors	115,900	155,757	105,908	124,562
Corporation tax	4,329	252	-	-
Other taxation and social security	5,205	253,242	-	228,494
Other creditors	34,691	69,014	22,253	58,938
Accruals and deferred income	2,011,959	1,001,932	955,508	500,924
	<u>2,172,837</u>	<u>1,482,940</u>	<u>1,083,669</u>	<u>912,918</u>

18. Financial instruments

	Group 2021 £	Group Unaudited 2020 £	Company 2021 £	Company Unaudited 2020 £
Financial assets				
Financial assets measured at amortised cost	<u>9,844,809</u>	<u>14,294,078</u>	<u>8,454,385</u>	<u>13,699,881</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>1,382,528</u>	<u>(492,429)</u>	<u>(503,874)</u>	<u>(397,061)</u>

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

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors, accruals.

Elliptic Enterprises Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

19. Share capital

	2021 £	Unaudited 2020 £
Allotted, called up and fully paid		
1,486,333 (2020: 1,414,442) Ordinary shares of £0.000001 each	1.48	1.41
750,615 (2020: 750,615) Ordinary A shares of £0.000001 each	0.75	0.75
32,601 (2020: 32,601) Ordinary B shares of £0.000001 each	0.03	0.03
1,158,731 (2020: 1,158,731) Series A shares of £0.000001 each	1.16	1.16
868,636 (2020: 868,636) Series A-1 shares of £0.000001 each	0.87	0.87
27,608 (2020: 27,608) Ordinary C shares of £0.000001 each	0.03	0.03
2,359,393 (2020: 2,359,393) Series B shares of £0.000001 each	2.36	2.36
	6.68	6.61

On 10 June 2020 22,846 Ordinary shares of £0.000001 were issued for a price per share of £0.34 and total consideration of £7,870.

On 22 September 2020 4,333 Ordinary shares of £0.000001 were issued for a price per share of £0.35 and total consideration of £1,517.

On 28 September 2020 2,140 Ordinary shares of £0.000001 were issued for a price per share of £1.06 and total consideration of £2,260.

On 9 November 2020 8,205 Ordinary shares of £0.000001 were issued for a price per share of £0.30 and total consideration of £2,484.

On 20 November 2020 6,971 Ordinary shares of £0.000001 were issued for a price per share of £0.35 and total consideration of £2,463.

On 25 November 2020 15,837 Ordinary shares of £0.000001 were issued for a price per share of £0.35 and total consideration of £5,567.

On 27 November 2020 6,000 Ordinary shares of £0.000001 were issued for a price per share of £0.30 and total consideration of £1,800.

On 30 November 2020 4,166 Ordinary shares of £0.000001 were issued for a price per share of £0.35 and total consideration of £1,458.

All of the shares issued are ordinary and were issued to employees in relation to share options. All share classes above have attached to them full voting and dividend rights.

Elliptic Enterprises Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

20. Reserves

Share premium account

The share premium account includes the premium in issue of equity shares, net of any issue cost.

Revaluation reserve

This represents intangible assets (Crypto currency) amounts revalued above cost.

Foreign exchange reserve

This represents amounts from currency translation on consolidation.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

Share options reserve

Share options reserve relates to the share based payments made by the parent company.

Elliptic Enterprises Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

21. Share based payments

During the year ended 31 March 2021, the Group granted options over 626,856 Ordinary shares of £0.000001 each to 66 employees. The options have an exercise price of £0.40 or £1.06 and vest over four years.

The shares have been valued at the grant date by applying Black Scholes.

During the year, the total share based payment expense recognised in the statement of comprehensive income was £21,600 (2020: £30,122). At 31 March 2021, 1,119,293 (2020: 762,021) share options were granted and remained unexercised.

	Weighted average exercise price (£) 2021	Number 2021	Weighted average exercise price (£) 2020	Number 2020
Outstanding at the beginning of the year	0.46	762,021	0.63	757,637
Granted during the year	0.45	626,856	0.43	124,643
Exercised during the year	0.36	(69,998)	-	-
Expired during the year	0.58	(199,586)	1.46	(120,259)
Outstanding at the end of the year	0.44	1,119,293	0.46	762,021

	2021 Black Scholes	Unaudited 2020 Black Scholes
Option pricing model used		
Weighted average share price (£)	0.44	0.46
Exercise price (£)	0.40	0.35
Weighted average contractual life	4 years	4 years
Expected volatility	40%	40%
Expected dividend growth rate	0%	0%
Risk-free interest rate	0.91%	0.42%

22. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £85,748 (2020 - £77,685). Contributions totalling £18,478 (2020 - £39,828) were payable to the fund at the reporting date and are included in creditors.

Elliptic Enterprises Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

23. Related party transactions

The Company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the Group.

Key management personnel include all directors and a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel for services provided to the Group was £656,778 (2020 - £482,635).

24. Post balance sheet events

In October 2021, Elliptic successfully raised a \$60m Series C equity investment to fuel further growth. The financing round was led by Evolution Equity Partners, alongside new investment from SoftBank Vision Fund 2. Existing investors AlbionVC, Digital Currency Group, Wells Fargo Strategic Capital, SBI Group, Octopus Ventures, SignalFire and Paladin Capital Group also participated.

The latest fundraise will accelerate Elliptic's efforts in enabling financial markets participants to embrace the crypto opportunity with trust and confidence. With the new investment, Elliptic plans to strengthen its global leadership position through continued research and development, investment in its global network and expansion of Elliptic's team.

As part of the Series C equity investment, the Company issued:

- 1 Ordinary A Share at a price of \$21.53 per share for a total consideration of \$21.53.
- 1 Series A Preferred Share at a price of \$21.53 per share for a total consideration of \$21.53.
- 1 Series A Preferred Share at a price of \$21.53 per share for a total consideration of \$21.53.
- 7 Series B Preferred Shares at a price of \$21.53 per share for a total consideration of \$150.70.
- 2,787,033 Series C Preferred Shares at a price of \$21.53 per share for a total consideration of \$59,999,803.83.

The Company issued 1,753 Ordinary Shares at a price of £1.056 per share for a total consideration of £1,851.17.

25. Controlling party

The Group has no ultimate controlling party.