

**Uphold Europe Limited**  
**Group Strategic Report,**  
**Directors' Report and**  
**Consolidated Financial Statements**  
**for the Year Ended 31 December 2022**

**Contents of the Consolidated Financial Statements  
for the year ended 31 December 2022**

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	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Group Strategic Report</b>	<b>2</b>
<b>Directors' Report</b>	<b>3</b>
<b>Independent Auditors' Report</b>	<b>4</b>
<b>Consolidated Income Statement</b>	<b>7</b>
<b>Consolidated Other Comprehensive Income</b>	<b>8</b>
<b>Consolidated Balance Sheet</b>	<b>9</b>
<b>Company Balance Sheet</b>	<b>10</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>11</b>
<b>Company Statement of Changes in Equity</b>	<b>12</b>
<b>Consolidated Cash Flow Statement</b>	<b>13</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>14</b>

**Uphold Europe Limited**  
**Company Information**  
**for the year ended 31 December 2022**

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**Directors:**

S McLoughlin  
A Morrison  
L Robertson  
K V Ludwick

**Registered office:**

Eastcastle House  
27/28 Eastcastle Street  
London  
W1W 8DH

**Registered number:**

09281410 (England and Wales)

**Auditors:**

Haines Watts  
Chartered Accountants and Statutory Auditor  
New Derwent House  
69-73 Theobalds Road  
London  
WC1X 8TA

**Group Strategic Report  
for the year ended 31 December 2022**

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The directors present their strategic report of the Company and the Group for the year ended 31 December 2022.

**Fair review of business**

The company continued to provide cryptocurrency exchange, platform and digital wallet services. Its main objectives are to increase market share, widen distribution, diversify revenues, improve customer satisfaction, operate in a compliant manner, and maximise shareholder return.

The company seeks to add value and obtain a sustainable competitive advantage by broadening the range of digital assets offered on its platform, complying with all applicable Regulations, operating on a fully-licensed basis, improving its user interface, and adding tools and features to facilitate payments.

In strategic decision making, the directors consider the impact of their choices on the company's customers, employees, partners, community and the environment. They endeavour to ensure a positive impact on all stakeholders as well as to enhance the company's reputation in the industry.

**Principal risks and uncertainties**

The company's principal risks and uncertainties relate to the inherent volatility of the cryptocurrency market, which affects volumes and can make forecasting difficult. The company is not subject to the risks that have led to the demise of many firms in the sector - namely, lending and related services - since Uphold operates on a fully-reserved model and never loans out customer funds. The impact of new UK and European crypto Regulation is being assessed by the company.

**Development and performance**

The directors principally use sales revenue and gross profit margin to measure company performance. The company's year-end results and financial position set out the firm's progress, which - given the challenging market conditions - was deemed good by the directors. The bull market for digital assets in 2021 created a benign environment that led to unprecedented growth. However, in 2022 macroeconomic headwinds and high-profile corporate failures in the sector created more challenging conditions. The group is looking to diversify its revenues away from retail and is developing a B2B business centred on payments and NFTs, as well as growing the Optimus Cards business.

**Position of the company's business**

The company's revenue for 2022 of £14,360,722 is down by 49% when compared to 2021 revenue of £28,189,454. Gross profit of £13,690,183 for 2022 at 95% gross profit margin percentage, an improvement when compared to 2021 gross profit margin percentage of 88%.

Operating loss of £6,687,673 for 2022, compared to an operating profit of £7,128,364 in the previous financial year. Net Loss for the financial year 2022 was £6,719,644 compared to a 2021 net profit of £5,670,369.

Cash and cash equivalents at end of year 2022: £16,840,200 (2021: £14,839,705).

This is in line with (in fact better than) the prevailing market deterioration during the period.

**Other performance indicators**

The crypto market capitalisation at the end of 2021 peaked at around \$3 Trillion and fell to around \$796 Billion by the end of 2022, a 73% drop [Reuters].

**On behalf of the board:**

S McLoughlin - Director

31 October 2023

**Directors' Report  
for the year ended 31 December 2022**

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The directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2022.

**Dividends**

No dividends will be distributed for the year ended 31 December 2022.

**Directors**

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

S McLoughlin  
A Morrison  
L Robertson  
K V Ludwick

**Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and 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.

**Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

**On behalf of the board:**

S McLoughlin - Director

31 October 2023

## **Independent Auditors' Report to the Members of Uphold Europe Limited**

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### **Opinion**

We have audited the financial statements of Uphold Europe Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company affairs as at 31 December 2022 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 Auditors' 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 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's and 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.

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Directors' Report, but does not include the financial statements and our Auditors' Report thereon.

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.

In connection with our audit of the financial statements, 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 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.

### **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.

## Independent Auditors' Report to the Members of Uphold Europe Limited

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### **Matters on which we are required to report by exception**

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.

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

- adequate accounting records have not been kept by the parent company, or 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; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities, 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 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.

### **Auditors' 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 Auditors' 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 gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We discussed with the Directors the policies and procedures in place regarding compliance with laws and regulations. We discussed amongst the audit team the identified laws and regulations, and remained alert to any indications of non-compliance.

During the audit we focussed on laws and regulations which could reasonably be expected to give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management.

Our procedures in relation to fraud included but were not limited to: inquires of management whether they have any knowledge of any actual, suspected or alleged fraud, and discussions amongst the audit team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements. We determined that the principal risks related to posting manual journal entries to manipulate financial performance and management bias through judgements in accounting estimates. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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 for the audit of the financial statements is located 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 Auditors' Report.

**Independent Auditors' Report to the Members of  
Uphold Europe Limited**

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**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 Auditors' 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.

Chris Evans (Senior Statutory Auditor)  
for and on behalf of Haines Watts  
Chartered Accountants and Statutory Auditor  
New Derwent House  
69-73 Theobalds Road  
London  
WC1X 8TA

31 October 2023



**Consolidated  
Income Statement  
for the year ended 31 December 2022**

		2022	2021
	Notes	£	£
<b>Turnover</b>		14,360,722	28,189,454
Cost of sales		<u>(670,539)</u>	<u>(3,439,184)</u>
<b>Gross profit</b>		13,690,183	24,750,270
Distribution costs		-	(50,325)
Administrative expenses		<u>(20,378,315)</u>	<u>(17,671,450)</u>
		(6,688,132)	7,028,495
Other operating income		459	99,869
<b>Operating (loss)/profit</b>		<u>(6,687,673)</u>	<u>7,128,364</u>
Interest receivable and similar income		<u>4,728</u>	<u>28</u>
		(6,682,945)	7,128,392
Interest payable and similar expenses	5	<u>(28,164)</u>	-
<b>(Loss)/profit before taxation</b>	6	<u>(6,711,109)</u>	7,128,392
Tax on (loss)/profit	7	193,295	(1,458,023)
<b>(Loss)/profit for the financial year</b>		<u>(6,517,814)</u>	<u>5,670,369</u>
(Loss)/profit attributable to:			
Owners of the parent		<u>(6,517,814)</u>	<u>5,670,369</u>

**Consolidated  
Other Comprehensive Income  
for the year ended 31 December 2022**

	2022	2021
Notes	£	£
<b>(Loss)/profit for the year</b>	(6,517,814)	5,670,369
<b>Other comprehensive income</b>		
Translation of foreign subsidiary	72,066	36,463
Income tax relating to other comprehensive income	-	-
<b>Other comprehensive income for the year, net of income tax</b>	<u>72,066</u>	<u>36,463</u>
<b>Total comprehensive income for the year</b>	<u>(6,445,748)</u>	<u>5,706,832</u>
Total comprehensive income attributable to: Owners of the parent	<u>(6,445,748)</u>	<u>5,706,832</u>

The notes form part of these financial statements

**Consolidated Balance Sheet**  
**31 December 2022**

			2022		2021
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	9		3,430,041		3,854,244
Tangible assets	10		-		-
Investments	11		-		-
			<u>3,430,041</u>		<u>3,854,244</u>
<b>Current assets</b>					
Debtors	12	57,793,621		2,059,554	
Cash at bank and in hand		<u>16,840,200</u>		<u>14,839,705</u>	
		74,633,821		16,899,259	
<b>Creditors</b>					
Amounts falling due within one year	13	<u>73,916,508</u>		<u>11,643,024</u>	
<b>Net current assets</b>			<u>717,313</u>		<u>5,256,235</u>
<b>Total assets less current liabilities</b>			<u>4,147,354</u>		<u>9,110,479</u>
<b>Creditors</b>					
Amounts falling due after more than one year	14		<u>720,088</u>		<u>760,000</u>
<b>Net assets</b>			<u>3,427,266</u>		<u>8,350,479</u>
<b>Capital and reserves</b>					
Called up share capital	16		1		1
Capital Contribution			3,292,799		1,817,097
Other reserves			108,529		36,463
Retained earnings			<u>25,937</u>		<u>6,496,918</u>
<b>Shareholders' funds</b>			<u>3,427,266</u>		<u>8,350,479</u>

The financial statements were approved by the Board of Directors and authorised for issue on 31 October 2023 and were signed on its behalf by:

S McLoughlin - Director

**Company Balance Sheet**  
**31 December 2022**

	Notes	£	2022 £	£	2021 £
<b>Fixed assets</b>					
Intangible assets	9		4,046		-
Tangible assets	10		-		-
Investments	11		14,898,956		9,074,417
			<u>14,903,002</u>		<u>9,074,417</u>
<b>Current assets</b>					
Debtors	12	56,622,898		1,070,219	
Cash at bank		<u>13,364,642</u>		<u>12,679,829</u>	
		69,987,540		13,750,048	
<b>Creditors</b>					
Amounts falling due within one year	13	<u>71,895,900</u>		<u>10,165,839</u>	
<b>Net current (liabilities)/assets</b>			<u>(1,908,360)</u>		<u>3,584,209</u>
<b>Total assets less current liabilities</b>			<u>12,994,642</u>		<u>12,658,626</u>
<b>Capital and reserves</b>					
Called up share capital	16		1		1
Capital Contribution			3,081,683		1,817,097
Retained earnings			<u>9,912,958</u>		<u>10,841,528</u>
<b>Shareholders' funds</b>			<u>12,994,642</u>		<u>12,658,626</u>
Company's (loss)/profit for the financial year			<u>(975,403)</u>		<u>10,014,979</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 31 October 2023 and were signed on its behalf by:

S McLoughlin - Director

**Consolidated Statement of Changes in Equity  
for the year ended 31 December 2022**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Capital Contribution £</b>	<b>Other reserves £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2021</b>	1	826,549	15,726	-	842,276
<b>Changes in equity</b>					
Capital contribution	-	-	1,801,371	-	1,801,371
Total comprehensive income	-	5,670,369	-	36,463	5,706,832
<b>Balance at 31 December 2021</b>	1	6,496,918	1,817,097	36,463	8,350,479
<b>Changes in equity</b>					
Capital contribution	-	-	1,522,535	-	1,522,535
Reduction in share capital	-	46,833	(46,833)	-	-
Total comprehensive income	-	(6,517,814)	-	72,066	(6,445,748)
<b>Balance at 31 December 2022</b>	1	25,937	3,292,799	108,529	3,427,266

The notes form part of these financial statements

**Company Statement of Changes in Equity  
for the year ended 31 December 2022**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Capital Contribution £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2021</b>	1	826,549	15,726	842,276
<b>Changes in equity</b>				
Capital contribution	-	-	1,801,371	1,801,371
Total comprehensive income	-	10,014,979	-	10,014,979
<b>Balance at 31 December 2021</b>	<u>1</u>	<u>10,841,528</u>	<u>1,817,097</u>	<u>12,658,626</u>
<b>Changes in equity</b>				
Capital contribution	-	-	1,311,419	1,311,419
Reduction in share capital	-	46,833	(46,833)	-
Total comprehensive income	-	(975,403)	-	(975,403)
<b>Balance at 31 December 2022</b>	<u>1</u>	<u>9,912,958</u>	<u>3,081,683</u>	<u>12,994,642</u>

**Consolidated Cash Flow Statement  
for the year ended 31 December 2022**

		<b>2022</b>	<b>2021</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	18	3,483,127	6,892,090
Interest paid		(28,164)	-
Tax paid		(1,454,700)	(197,194)
Net cash from operating activities		<u>2,000,263</u>	<u>6,694,896</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(4,496)	-
Sale of tangible fixed assets		-	1,660
Interest received		<u>4,728</u>	<u>28</u>
Net cash from investing activities		<u>232</u>	<u>1,688</u>
<b>Increase in cash and cash equivalents</b>		<u>2,000,495</u>	<u>6,696,584</u>
<b>Cash and cash equivalents at beginning of year</b>	19	14,839,705	8,143,121
<b>Cash and cash equivalents at end of year</b>	19	<u>16,840,200</u>	<u>14,839,705</u>

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements  
for the year ended 31 December 2022**

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**1. Statutory information**

Uphold Europe Limited is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

**2. Accounting policies**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

**Turnover**

Turnover represents recharges of services provided to other group companies. Turnover is recognised in arrears at the end of the period in line with the service agreement.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2020, is being amortised evenly over its estimated useful life of ten years.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of ten years.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

**Financial instruments**

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and bank overdrafts which are an integral part of the company's cash management.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.



Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2022

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2. **Accounting policies - continued**

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

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

**Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

**Share based payments**

Employees of the company receive remuneration in the form of share based payments, whereby employees render services as consideration. The consideration is equity settled. Share options granted are over the Parent's equity and are accounted for in the company's individual financial statements as an expense in profit or loss and a capital contribution from the company's parent.

**Equity-settled transactions**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The transactions are recognised at group level and are charged to the company based the allocation of employees entity of employment. The cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefit expense.

No expense is recognised for awards that do not ultimately vest.

**Comparatives**

Certain comparatives have been reclassified from the prior year in order to improve presentation.

Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2022

3. **Employees and directors**

		2022	2021
£	£		
Wages and salaries		8,832,774	6,619,368
Social security costs		855,194	604,433
Other pension costs		138,058	89,878
		<u>9,826,026</u>	<u>7,313,679</u>

The average number of employees during the year was as follows:

	2022	2021
Admin	8	10
Compliance	14	17
IT	11	14
Marketing	14	17
	<u>47</u>	<u>58</u>

4. **Directors' emoluments**

	2022	2021
£	£	£
Directors' remuneration	<u>796,676</u>	<u>875,546</u>

Information regarding the highest paid director is as follows:

	2022	2021
£	£	£
Emoluments etc	<u>292,000</u>	<u>409,373</u>

5. **Interest payable and similar expenses**

	2022	2021
£	£	£
Bank interest	2,014	-
Interest payable	<u>26,150</u>	<u>-</u>
	<u>28,164</u>	<u>-</u>

6. **(Loss)/profit before taxation**

The loss (2021 - profit) is stated after charging/(crediting):

	2022	2021
£	£	£
Other operating leases	308,237	141,360
Depreciation - owned assets	-	32,719
Goodwill amortisation	428,249	428,249
Computer software amortisation	450	-
Auditors' remuneration	29,750	30,000
Foreign exchange differences	<u>(435,449)</u>	<u>456,484</u>

Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2022

## 7. Taxation

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the loss for the year was as follows:

	2022 £	2021 £
Current tax:		
UK corporation tax	(201,830)	1,458,023
Foreign Tax	8,535	-
	<u>(193,295)</u>	<u>1,458,023</u>
Tax on (loss)/profit		

**Tax effects relating to effects of other comprehensive income**

	Gross £	Tax £	2022 Net £
Translation of foreign subsidiary	<u>72,066</u>	<u>-</u>	<u>72,066</u>
	Gross £	Tax £	2021 Net £
Translation of foreign subsidiary	<u>36,463</u>	<u>-</u>	<u>36,463</u>

## 8. Individual income statement

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

## 9. Intangible fixed assets

**Group**

	Goodwill £	Computer software £	Totals £
<b>Cost</b>			
At 1 January 2022	4,282,493	-	4,282,493
Additions	-	4,496	4,496
At 31 December 2022	<u>4,282,493</u>	<u>4,496</u>	<u>4,286,989</u>
<b>Amortisation</b>			
At 1 January 2022	428,249	-	428,249
Amortisation for year	428,249	450	428,699
At 31 December 2022	<u>856,498</u>	<u>450</u>	<u>856,948</u>
<b>Net book value</b>			
At 31 December 2022	<u>3,425,995</u>	<u>4,046</u>	<u>3,430,041</u>
At 31 December 2021	<u>3,854,244</u>	<u>-</u>	<u>3,854,244</u>

Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2022

9. Intangible fixed assets - continued

Company

	Computer software £
<b>Cost</b>	
Additions	4,496
At 31 December 2022	<u>4,496</u>
<b>Amortisation</b>	
Amortisation for year	450
At 31 December 2022	<u>450</u>
<b>Net book value</b>	
At 31 December 2022	<u>4,046</u>

10. Tangible fixed assets

Group

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
<b>Cost</b>				
At 1 January 2022 and 31 December 2022	<u>695</u>	<u>17,518</u>	<u>14,506</u>	<u>32,719</u>
<b>Depreciation</b>				
At 1 January 2022 and 31 December 2022	<u>695</u>	<u>17,518</u>	<u>14,506</u>	<u>32,719</u>
<b>Net book value</b>				
At 31 December 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

11. Fixed asset investments

Company

	Other investments £
<b>Cost</b>	
At 1 January 2022	9,074,417
Additions	5,824,539
At 31 December 2022	<u>14,898,956</u>
<b>Net book value</b>	
At 31 December 2022	<u>14,898,956</u>
At 31 December 2021	<u>9,074,417</u>

**Notes to the Consolidated Financial Statements - continued**  
**for the year ended 31 December 2022**

**12. Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts falling due within one year:				
Trade debtors	395,172	315,063	-	-
Amounts owed by group undertakings	3,745,670	-	3,230,649	-
Amounts owed by participating interests	4,562,208	130,244	6,074,230	582,777
Other debtors	47,063,286	132,037	47,057,373	129,173
Prepayments and accrued income	868,321	485,078	211,270	308,643
	<u>56,634,657</u>	<u>1,062,422</u>	<u>56,573,522</u>	<u>1,020,593</u>
Amounts falling due after more than one year:				
Other debtors	1,158,964	997,132	49,376	49,626
Aggregate amounts	<u>57,793,621</u>	<u>2,059,554</u>	<u>56,622,898</u>	<u>1,070,219</u>

**13. Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	2,540,201	2,208,183	61,868	341,614
Amounts owed to group undertakings	12,047,578	6,703,898	12,886,467	7,308,758
Amounts owed to participating interests	5,613,248	-	5,613,248	-
Tax	(167,431)	1,480,564	(167,431)	1,480,564
Social security and other taxes	16,822	8,498	-	-
VAT	15,254	112,610	6,624	111,716
Other creditors	52,915,516	963,740	52,929,600	923,187
Accrued expenses	935,320	165,531	565,524	-
	<u>73,916,508</u>	<u>11,643,024</u>	<u>71,895,900</u>	<u>10,165,839</u>

**14. Creditors: amounts falling due after more than one year**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Other creditors	<u>720,088</u>	<u>760,000</u>

**15. Leasing agreements**

Minimum lease payments fall due as follows:

<b>Group</b>	<b>Non-cancellable operating leases</b>	
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Within one year	226,988	262,584
Between one and five years	530,617	800,818
In more than five years	-	147,238
	<u>757,605</u>	<u>1,210,640</u>

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2022**

15. **Leasing agreements - continued**
**Company**

	<b>Non-cancellable operating leases</b>	
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Within one year	164,588	-
Between one and five years	452,617	-
	<u>617,205</u>	<u>-</u>

16. **Called up share capital**
**Allotted, issued and fully paid:**

<b>Number:</b>	<b>Class:</b>	<b>Nominal value:</b>	<b>2022</b>	<b>2021</b>
			<b>£</b>	<b>£</b>
1	Ordinary	£1	<u>1</u>	<u>1</u>

17. **Capital contribution**

The company participates in a share based payment plan pursuant to the Uphold Equity Incentive Plan (the 'Plan') for its own employees. The options vest over a period of time established by the board of directors. Options are subject to forfeiture and lapse in accordance with the Plan rules.

All options granted have performance related conditions to the relevant employee. These can only be exercised upon the occurrence of these events.

At the reporting date there were 6,398,138 (2021: 5,370,429) shares outstanding to employees under the Plan. The weighted average fair value of the options granted at the reporting date was £0.75 (2021: £2.35).

	<b>Number of share options</b>		<b>Weighted average exercise price</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>£</b>	<b>£</b>			
Outstanding at 01 January	5,370,429	20,527	2.35	0.23
Granted	1,522,500	5,735,454	0.97	2.19
Forfeited	(225,000)	(335,552)		
Exercised	(74,316)	(50,000)	0.89	1.18
Outstanding at 31 December	6,594,513	5,370,429	0.75	2.35

The options outstanding at the reporting date had an exercise price ranging from £0.02 to £1.23, and a remaining contractual life of 10 years.

The weighted average fair value of options granted during the period was determined using the Black-Scholes option-pricing model. The Black-Scholes model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the 'vesting date').

The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting conditions and market conditions are taken into account when estimating the fair value of the option at grant date. Service conditions and non-market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2022

18. **Reconciliation of (loss)/profit before taxation to cash generated from operations**

	2022	2021
	£	£
(Loss)/profit before taxation	(6,711,109)	7,128,392
Depreciation charges	428,699	462,553
Equity transactions	1,539,727	-
Finance costs	28,164	-
Finance income	(4,728)	(28)
	(4,719,247)	7,590,917
Increase in trade and other debtors	(47,556,433)	(746,248)
Increase in trade and other creditors	55,758,807	47,421
<b>Cash generated from operations</b>	<b>3,483,127</b>	<b>6,892,090</b>

19. **Cash and cash equivalents**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 December 2022**

	31/12/22	1/1/22
	£	£
Cash and cash equivalents	16,840,200	14,839,705

**Year ended 31 December 2021**

	31/12/21	1/1/21
	£	£
Cash and cash equivalents	14,839,705	8,143,121

20. **Analysis of changes in net funds**

	At 1/1/22	Cash flow	At 31/12/22
	£	£	£
<b>Net cash</b>			
Cash at bank and in hand	14,839,705	2,000,495	16,840,200
	14,839,705	2,000,495	16,840,200
<b>Total</b>	<b>14,839,705</b>	<b>2,000,495</b>	<b>16,840,200</b>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.