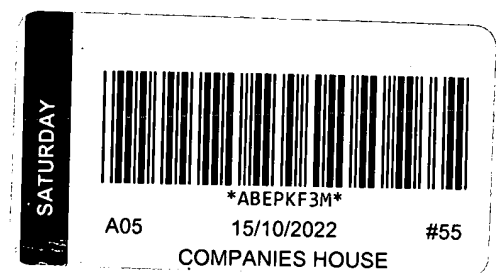


Company number: 09708629

CB Payments, Ltd

**Annual Report and Financial Statements
31 December 2021**



CB Payments, Ltd
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CB Payments, Ltd
Company Information
For the year ended 31 December 2021

Directors

Alesia Haas (USA Residency)
Nana Murugesan (USA Residency)

Secretary

Paul Grewal
Halco Secretaries Ltd

Registered Office

5 Fleet Place
London
England
EC4M 7RD

Company Number

09708629

Independent Auditors

Deloitte Ireland LLP
Chartered accountants and statutory audit firm
Deloitte and Touche House
29 Earlsfort Terrace
Dublin 2
D02 AY28
Ireland

Principal Bankers

Clearbank
4th Floor, Prologue Works
25 Marsh St
Bristol
BS1 4AX

CB Payments, Ltd
Strategic Report
For the year ended 31 December 2021

Review of Business

CB Payments, Ltd (the "Company") provides fiat wallet services to consumers and institutional customers of its affiliate entities, Coinbase Europe Ltd., Coinbase Singapore Pte. Ltd., and Coinbase Ascending Markets Kenya Ltd. The Company provides these services primarily in the United Kingdom ("UK") and in countries outside of the US and US territories. The affiliate entities and the Company are wholly owned subsidiaries of Coinbase Global, Inc. (the "Parent", or collectively, the "Group").

The Company entered into non-exclusive agreements for Electronic Money Services ("E-money services") with certain of its affiliates. The affiliates provide crypto asset brokerage and exchange services to consumers and institutions outside of the US and US territories. The Company supports the operation of the E-money services under a tri-party arrangement between the Company, the respective affiliate and the customer. In exchange for the E-money services and related obligations undertaken, the Company earns a service fee from the affiliate, which is assessed monthly.

The Company is authorised to carry on electronic money services activity by the Financial Conduct Authority ("FCA") under the Electronic Money Regulations 2011 ("EMI").

For the year ended 31 December 2021, total turnover of €64.4 million was recognised, with a cost of sales of €5.4 million. The Company incurred administrative expenses of €55.2 million, and a tax benefit of €2.3 million, resulting in net profit of €1.2 million.

For the year ended 31 December 2020, total turnover of €21.2 million was recognised, with a cost of sales of €1.1 million. The Company incurred administrative expenses of €18.9 million, and a tax charge of €0.3 million, resulting in net profit of €1.0 million.

At 31 December 2021 and 31 December 2020, the Company had €524.7 million and €68.5 million of cash held at bank and €534.8 million and €278.5 million of customer deposits held at bank, respectively, and short term investments of €299.8 million at 31 December 2021.

Financial Key Performance Indicators

The Company's key performance indicators ("KPI") for the year ended 31 December 2021 include but are not limited to new fiat wallets opened, total turnover, and profit/(loss) before taxation. These metrics provide indicators of the Company's ability to retain and grow its customer base.

The Company sources information to measure these performance metrics from its database, through internally developed database queries.

The number of fiat wallets held by the Company increased by 89.7% from 1.17 million as of 31 December 2020, to 2.21 million as of 31 December 2021. This was largely driven by the increase in customer base. The average number of fiat wallets held by the Company during 2021 and 2020 was 1.80 million and 2.40 million, respectively.

Total turnover of the Company increased from €21.2 million in 2020 to €64.4 million in 2021, an increase of 204%. Profit (loss) before taxation decreased from €1.3 million in 2020 to €3.6 million in 2021, a decrease of 178%.

**CB Payments, Ltd
Strategic Report
For the year ended 31 December 2021**

Principal Risks and Uncertainties

The risks of regulatory changes adversely impacting the Company's position and capacity to conduct business.

The Company proactively monitors regulatory developments to gain clarity on the evolving regulatory landscape of the industry, and where appropriate engages with relevant regulators. Additionally, the Company has a dedicated and experienced compliance team to ensure that the business is fully informed of relevant regulatory developments, financial service licensing and registration requirements, and operational impacts of new regulations.

The Company's corporate network or production systems may be compromised by a malicious actor or attacker due to insufficient information security controls, corporate data may be improperly classified resulting in exposure to data integrity and quality risks, or unauthorised access to the Company's data exposes Company information to the risk of compromise.

All data that is created, collected, stored, or processed by the Company, whether in electronic or non-electronic form, is classified based on its level of sensitivity and criticality to the Company. The Company's cyber security foundation is derived from the synthesis of the NIST Cybersecurity Framework. The Company employs strict hardware controls and password requirements on all data users and access to confidential data must be authorised. Further, the Company's data users are all subject to confidentiality and non-disclosure requirements.

The risk of loss resulting from inadequate or failed policies or controls, loss of key people and knowledge, inadequate systems and adverse external events with respect to new product implementations or entering new markets.

The Company actively monitors its operations, and the operations of its affiliates and documents key business processes to facilitate knowledge transfers in the event of team member turnover. The compliance team has designed and implemented policies and controls that seek to mitigate the highest risks that the Company is exposed to. The Company conducts appropriate legal and regulatory analysis prior to launching new products or entering new markets.

User accounts may be compromised and there may be loss of personally identifiable information ("PII"), messages, or other user data. Additionally, there is the potential for the Company to fall out of compliance with privacy regulations, including those mandated by GDPR, PCI and CSA guidelines.

The Company uses strong cryptography to encrypt data at rest and in transit, and renders authentication credentials (such as passwords/phrases) unreadable during transmission and storage. The Company maintains a Data Security Policy that defines its data classification framework (including four data classification levels: Public, Internal, Confidential, and Compartmentalised), identifies roles and responsibilities over protecting data, and includes acceptable encryption policy requirements that are intended to further secure high-risk data.

The Company has established an internal process to be followed in the event of a personal data breach incident to ensure that any required notification to a regulatory body is completed in a timely manner. The Company's legal and security teams have also developed a Privacy Program designed to achieve and maintain compliance with applicable privacy regulatory requirements, such as CCPA and GDPR.

Untimely reporting of suspicious activity and other anti-money laundering and Know Your Customer required data to regulators.

The Company maintains a central register of activities reported to regulators and has expanded the compliance headcount to assist with the timely delivery and execution of compliance requirements. Additionally, our governance structure requires the delivery of periodic reporting to the Board to facilitate oversight of regulatory compliance arrangements, along with internal and external compliance programme reviews to ensure that all policies and procedures are in line with current regulations.

CB Payments, Ltd
Strategic Report
For the year ended 31 December 2021

Our operating results have and will significantly fluctuate due to the highly volatile nature of crypto.

Although the Company does not hold crypto assets directly, the Company's operating results are dependent on crypto assets and the broader cryptoeconomy. Due to the highly volatile nature of the cryptoeconomy and the prices of crypto assets, the Company's operating results have, and will continue to, fluctuate significantly from year to year in accordance with market sentiments and movements in the broader cryptoeconomy. The Company's operating results will continue to fluctuate significantly as a result of a variety of factors, many of which are unpredictable and in certain instances are outside of the Company's control.

As a result of these factors, it is difficult for the Company to forecast growth trends accurately and the Company's business and future prospects are difficult to evaluate, particularly in the short term. In view of the rapidly evolving nature of the business and the cryptoeconomy, *period-to-period comparisons of our operating results may not be meaningful, and you should not rely upon them as an indication of future performance.*

Future Developments

The Directors expect the Company will continue to provide fiat wallet and E-money services to its customers for the foreseeable future. The Directors expect the general level of transaction activity to decrease in the forthcoming year due to market and broader macroeconomic conditions. The Company will continue to increase the number of new customers of fiat wallet and e-money services however the rate of increase will likely be lower than the preceding year.

Key elements of the Company's business strategy include:

- Support customer retention and growth
- Assist in risk management and compliance through enhanced transaction monitoring, anti-money laundering and know your customer policies and procedures
- Expand fiat payment options and payment rails offered to customers; and
- Support the Coinbase brand internationally.

Section 172 Statement

We believe that a real understanding of the priorities of our Company's stakeholders is key to securing long-term success and maximising value in the business.

The Board Directors are bound by their duties under the Companies Act 2006 to promote the success of the Company for the benefit of our stakeholders as a whole. In doing so, however, they must have regard for the interests of all of our stakeholders, to ensure the long-term sustainability of the Company. The Directors are therefore responsible for ensuring that they fulfil their obligations to those impacted by our business, in its stakeholder consideration and engagement.

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the companies Act 2006.

The Directors aim, in good faith, to promote the success of the Company for the benefit of its stakeholders as a whole, and in doing so have regard (among other matters) to:

- the likely consequences of any decision in the long-term and the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- employee interests, the need to foster the Company with customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year.

CB Payments, Ltd
Strategic Report
For the year ended 31 December 2021

We have identified the Company's key stakeholders to be:

- Customers
- Colleagues
- Regulators and Government
- Communities
- Shareholder/Parent

These principal stakeholder groups are set out in the table, along with why they matter:

Description	Why They Matter	How We Engage
Customers The Company exists to serve the needs of our customers.	<ul style="list-style-type: none"> • We strive to provide excellent fiat wallet services to consumers and institutional customers. • An understanding of our customers will allow us to increase market awareness and enable quick response to customer trends. • Maintaining and increasing their loyalty and regard for the "Coinbase payments" brand ensures the long-term success of our business. 	<ul style="list-style-type: none"> • The Company provides secured and risk-free fiat wallet services to consumers and institutional customers. • Customer research to ensure we understand their needs, attitudes and behaviors and how these are evolving.
Colleagues We have an experienced, diverse and dedicated workforce of 143 colleagues (3,730 Group colleagues), which we recognise as a key asset of our business.	<ul style="list-style-type: none"> • We have a diverse workforce, which we consider to be a key asset, and we therefore want to develop and retain talent for the long-term success of the Company. • The experience and expertise of our colleagues is essential for the delivery of our strategic objectives. Operating within a culture of openness and inclusivity ensures that each of our colleagues is focused on delivering great service for our customers. • The work of our global colleagues, particularly during the challenging conditions presented by the pandemic, is critical for the business to release its operational and strategic goals. 	<ul style="list-style-type: none"> • Regular communication using a mix of channels to encourage two-way dialogue; in addition, leader vlogs, Gmail/Google meet updates, CAO.org monthly meetings, and use of Slack. • Training, learning and development opportunities for all colleagues, adapted for remote working. • Regular performance check-ins and online or face-to-face development for all colleagues.
Regulators and Government Bodies that supervise industry and business activities.	<ul style="list-style-type: none"> • The Board wishes to ensure we maintain the trust of our stakeholders including our politicians and regulators, to help realise our purpose, provide employment opportunities, and contribute to the economic prosperity of the places where our people live and work. 	<ul style="list-style-type: none"> • We engage with the governments and regulators in each of our key markets and with the EU, both directly and through our trade associations. This includes attending events hosted by governments, responding to consultations, and participating in parliamentary inquiries. The company also regularly engages with regulators and government departments on matters of statutory or regulatory compliance.

CB Payments, Ltd
Strategic Report
For the year ended 31 December 2021

Communities

We are committed to supporting the communities in which we operate, including local businesses, residents and the wider public.

- The Company and the Group are committed to operating responsibly and to make a significant positive impact and provide opportunities to the communities in which we operate. We engage with the communities in which we operate to build trust and understand the local issues that are important to them.

- The economic impact of our business through the taxes we pay and the jobs that we create has remained important while our support for managing the impact of COVID-19 and direct involvement in protecting the health of our communities have become critical.

- The impact of our business increases economic freedom to our users.

Shareholder/ Parent

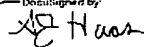
Investors who provide capital to the business/Group.

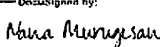
- The Board recognises it is critical that the owners of the Group's shares as well as potential investors in the Group have a full understanding of our business, including the CB Payments strategy, growth potential, and risks in the business as well as the overall performance of the business.

- Semi annual Board Meetings

- Executives from the Parent entity sit on the Board of CB Payments Ltd

By Order of the Board

DocuSigned by:

10585740F:1F47F
Alesia Haas, Director
18 July 2022

DocuSigned by:

81A6F7AC0C00F4F3
Nana Murugesan, Director
18 July 2022

CB Payments, Ltd
Directors' Report
For the year ended 31 December 2021

The Directors present their annual report and the audited financial statements for the year ended 31 December 2021. The financial statements have been prepared under, and comply with, United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

Please refer to the Strategic Report on pages 3 to 7 for review of business, financial key performance indicators, principal risks and uncertainties and the likely future developments of the Company.

Principal activity

As an e-money license grantee from the FCA, the Company's principal activity is to provide fiat wallet support for users of coinbase.com, as well as EUR and GBP payment rails to support trading activity for the customers of its affiliates. The Company in turn receives turnover in the form of a service fee, which is assessed monthly.

Directors

The Directors who served during the period and since the year end were:

Alesia Haas

Marcus Hughes (resigned 9 December 2021)

Nana Murugesan (appointed 19 April 2022)

Results and Dividends

The results for the period are shown on page 13. The Company did not recommend or pay any dividends during the year ended 31 December 2021 or 2020.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

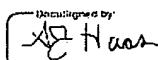
- a. so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- b. the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

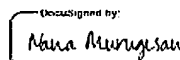
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent Auditors

On 2 September 2021, Deloitte Ireland LLP, chartered accountants and statutory audit firm, were reappointed during the period and will continue in office in accordance with section s489 of the Companies Act 2006.

By Order of the Board

DocuSigned by:

41B5B57A7F1F47F
Alesia Haas, Director
18 July 2022

DocuSigned by:

83AF7BC67CCF4F3
Nana Murugesan, Director
18 July 2022

CB Payments, Ltd
Statement of Directors' Responsibilities
For the year ended 31 December 2021

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable laws 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) including FRS 102. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit of the Company 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CB PAYMENTS, LTD

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of CB Payments, Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the accounting policies; and
- the related notes 1 to 13.

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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 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 the annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CB PAYMENTS, LTD

We have nothing to report in this regard.

Responsibilities of directors

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

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

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.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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 considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's operating license.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CB PAYMENTS, LTD**

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance reviewing correspondence with Financial Conduct Authority.

Report on other legal and regulatory requirements

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.



Christian MacManus (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Dublin

Date: 19th July 2022

CB Payments, Ltd
Statement of Comprehensive Income
For the year ended 31 December 2021
(In thousands)

		For the years ended 31 December	
		2021	2020
	Note	€	€
Turnover		64,434	21,229
Cost of sales	4	<u>(5,415)</u>	<u>(1,050)</u>
Gross profit		59,019	20,179
Administrative expenses	4	<u>(55,244)</u>	<u>(18,902)</u>
Operating profit	4	3,775	1,277
Interest (expense) income and other similar (charges) income		<u>(222)</u>	<u>1</u>
Profit on ordinary activities before taxation		3,553	1,278
Tax benefit (charge) for the year	7	(2,317)	(263)
Profit for the year		<u><u>1,236</u></u>	<u><u>1,015</u></u>

The notes on pages 16 to 30 form part of these financial statements.

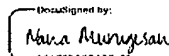
CB Payments, Ltd
Statement of Financial Position
As at 31 December 2021
(In thousands)

	Note	As at 31 December	
		2021	2020
		€	€
Non-current assets			
Tangible fixed assets	8	755	206
Deferred tax asset	7	2,199	660
		<u>2,954</u>	<u>866</u>
Current assets			
Income tax receivable	7	55	—
Debtors	9	72,841	19,449
Amounts due from group undertakings	9	712,099	54,169
Settlements receivable	9	13,040	10,394
Short-term investments	9	299,799	—
Restricted cash	9	119	111
Cash held at bank:			
Customer deposits held at bank	9	534,779	278,474
Cash	9	524,745	68,473
		<u>2,157,477</u>	<u>431,070</u>
Creditors: amounts falling due within one year	9	(2,102,543)	(395,784)
Net current assets		<u>54,934</u>	<u>35,286</u>
Total assets less current liabilities		<u>57,888</u>	<u>36,152</u>
Capital and reserves			
Share capital	11	1,000	1,000
Capital contributions	11	29,083	29,083
Other reserves	6	23,810	3,310
Profit reserve		<u>3,995</u>	<u>2,759</u>
Shareholder's funds		<u>57,888</u>	<u>36,152</u>

The notes on pages 16 to 30 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 18 July 2022.


41059514001F47E
Alesia Haas, Director
 18 July 2022

Designed by:

93AF7BC6C00F4F5
Nana Murugesan, Director
 18 July 2022

Company Number: 09708629

CB Payments, Ltd
Statement of Changes in Equity
For the year ended 31 December 2021
(In thousands)

	Note	Share capital	Capital contributions	Other reserves	Profit reserve	Total
		€	€	€	€	€
Balance at 1 January 2020		1,000	5,773	1,865	1,744	10,382
Profit for the period		—	—	—	1,015	1,015
Share-based payment	6	—	—	1,445	—	1,445
Capital contribution	11	—	23,310	—	—	23,310
Balance at 31 December 2020		1,000	29,083	3,310	2,759	36,152
Profit for the period		—	—	—	1,236	1,236
Share-based payment	6	—	—	20,500	—	20,500
Balance at 31 December 2021		1,000	29,083	23,810	3,995	57,888

CB Payments, Ltd
Notes to the Financial Statements
For the year ended 31 December 2021

1. GENERAL INFORMATION

CB Payments, Ltd ("the Company") is a private company limited by shares and is incorporated in England and Wales under the Companies Act 2006. The address of the registered office of the Company is given on page 2. The Company is a wholly owned subsidiary of Coinbase Global, Inc. (the "Parent"), a corporation registered in the United States of America. On 14 April 2021, the Parent went public, listing its common stock on the Nasdaq Global Select Market in the United States of America (the "Direct Listing").

The principal activities of the Company are set out in the Strategic Report beginning on page 3.

2. ACCOUNTING POLICIES

a) Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102"), and with the Companies Act 2006.

The Company has elected the statement of cash flows exemption available under FRS 102, paragraphs 1.09 and 1.12(b).

b) Critical accounting judgements

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from estimates.

Significant estimates and assumptions made by the Company include the determination of the fair value of the Parent's equity awards which requires estimates to be made with regard to volatility, corporate valuation, and forfeiture rate, in order to arrive at a reasonable valuation. A significant judgement includes the determination of the Company's functional currency.

c) Going concern

The financial statements herein were prepared on a going concern basis which assumes that the Company will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities and commitments in the normal course of business. During the year ended 31 December 2021, the Company made a net profit of €1.2 million, compared to the net profit of €1.0 million during the prior year. In addition, the Company had working capital of €54.9 million at 31 December 2021, which is a positive indicator of the Company's liquidity and overall financial health. The Directors have no intention to liquidate the entity.

The Directors believe that the Company is a going concern based on the stand-alone business prospects of the Company after considering forecasted expenses and current business activity. In addition, the Parent will provide ongoing financial support if required, and there is sufficient cash available in the Parent for the Company to continue as a going concern. The Company has therefore adopted a going concern basis of preparation for the financial statements.

CB Payments, Ltd
Notes to the Financial Statements (Continued)
For the year ended 31 December 2021

d) Foreign Currency

The Company's financial statements are presented in Euros, which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the spot exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary items denominated in foreign currencies and measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items denominated in foreign currencies and measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, and are included in Administrative Expenses.

e) Turnover and cost of sales

The Company provides fiat wallet services in the United Kingdom ("UK") to consumers and institutional customers of its affiliate entities. The affiliate entities and the Company are wholly owned subsidiaries of the Parent (collectively, the "Group").

The Company entered into non-exclusive agreements for Electronic Money Services ("E-money services") with certain of its affiliates. The affiliates provide crypto asset brokerage and exchange services to consumers and institutions outside of the US and US territories. The Company supports the operation of the E-money services under a tri-party arrangement between the Company, the respective affiliate and the customer. In exchange for the E-money services and related obligations undertaken, the Company earns a service fee from the affiliate, which is assessed monthly.

These services are considered to be provided over time, as it involves an indeterminate number of acts over a period of time. The consideration received for these services is based on the operating expenses incurred by the Company in providing the services.

Cost of sales primarily represents fees paid to payment processors and other financial institutions for customer transaction activity, which are expensed as incurred.

f) Share-based payments

The Company recognises stock-based compensation expense using a fair-value based method for costs related to all equity awards issued under the Parent's equity incentive plans to employees and non-employees of the Company, which includes the issuance of restricted stock units ("RSUs"), stock options and purchase rights granted under the Parent's 2021 Employee Stock Purchase Program (the "ESPP").

The fair value of RSUs is estimated based on the fair value of the Parent's common stock on the date of grant. For RSUs granted prior to the Direct Listing of the Parent, the fair value of the Parent's common stock was determined using linear interpolation between the dates at which the Company obtained third-party valuations, for financial reporting purposes. This method was determined to be reasonable, as no single event was identified that caused the increase in the fair value of the common stock. For RSUs granted after the Direct Listing of the Parent's common stock, the closing stock price on the grant date of the Parent's common stock was used as the fair value.

The fair value of employee stock purchase plan rights are estimated on the date of grant using the Black-Scholes-Merton Model. The ESPP became effective on the day the Parent's registration statement became effective, April 1, 2021.

CB Payments, Ltd
Notes to the Financial Statements (Continued)
For the year ended 31 December 2021

For all grants of stock options, the fair value at the date of grant is calculated using the Black-Scholes-Merton Model.

The corresponding share-based compensation expense is recognised over the vesting period based on the Company's estimate of shares which will actually vest, with the reserve entry being recognised within Other reserves.

At the end of each reporting period, the Company revises its estimates on the expected forfeiture rate and recognises an expense only for those shares expected to vest. The estimate of forfeiture rates is based on historical experience and is adjusted for actual experience over the term of the award. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

g) Leases

At inception, the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to profit or loss on a straight line basis over the lease period.

h) Taxation

Current income tax

Current income tax assets and liabilities for the period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.

Deferred tax

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

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

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

The tax expense for the period comprises of current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity, respectively.

CB Payments, Ltd
Notes to the Financial Statements (Continued)
For the year ended 31 December 2021

i) Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

- Leasehold improvements - lower of the useful life or remaining length of the lease term

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Construction-in-progress represents costs incurred on the construction of leasehold improvements that have not been completed or placed in service as of the end of the period, and accordingly, no depreciation expense has been recorded.

j) Financial instruments

A financial asset or a financial liability is recognised only when the Company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately. Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

k) Amounts due from and owed to group undertakings

Amounts due from and owed to group undertakings arise from transactions between the Company and other affiliate companies. These receivables and payables are unsecured, may bear interest at market related rates and are repayable on demand. Amounts owed to group undertakings are included in creditors: amounts falling due within one year in the statement of financial position.

l) Settlements receivable

Settlements receivable represent settlement due from third-party payment processors and banks for customer transactions. Settlements receivable are typically received within one or two business days of the transaction date.

m) Short-term investments

Short-term investments consist of investments in short-term, highly liquid instruments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value, with an original maturity of 3 months or less.

CB Payments, Ltd
Notes to the Financial Statements (Continued)
For the year ended 31 December 2021

n) Customer deposits held at bank and custodial funds due to customers

Customer deposits held at bank represents customer fiat funds deposited into their Coinbase wallet in exchange for e-money. Custodial funds due to customers represent the corresponding liability related to customer deposits. The Company retains segregated funds in excess of the custodial liability in order to minimise the risk of under funding. The excess funds were contributed by the Company and thus form part of corporate funds.

The Company operates a number of deposit bank accounts and stores funds for customers in multiple different currencies to allow them to facilitate transactions in a more-timely manner. The Company maintains these deposits at financial institutions in Europe and the USA.

o) Restricted cash

Restricted cash includes cash deposits at financial institutions related to operational restricted deposits.

p) Cash held at bank

Cash held at bank includes cash on hand, deposits held at call with banks and customer deposits held at call with bank.

3. EMPLOYEES AND DIRECTORS

Staff costs during the year were as follows (in thousands):

	For the years ended 31 December	
	2021	2020
	€	€
Wages and salaries	21,997	7,340
Social security costs	3,570	1,225
Other benefits	1,930	522
Share based compensation ⁽¹⁾	26,817	1,554
Total staff costs	54,314	10,641

⁽¹⁾ During the years ended 31 December 2021 and 2020, share-based compensation included €6.3 million and €0.1 million, respectively, of allocated costs from Group affiliates in connection with its General Services Agreement. Please see *Note 12. Related party disclosures* for additional details.

During the years ended 31 December 2021 and 2020, the average monthly number of employees (including executive directors) employed by the Company were 100 and 49, respectively.

CB Payments, Ltd
Notes to the Financial Statements (Continued)
For the year ended 31 December 2021

The aggregate directors' emoluments were as follows (in thousands):

	For the years ended 31 December	
	2021	2020
	€	€
Directors' emoluments	286	276
Social security costs	314	34
Share based payments	743	47
Other benefits	7	—
	<u>1,350</u>	<u>357</u>

	For the years ended 31 December	
	2021	2020
Number of directors who received share options or RSUs in the Parent's shares in respect of qualifying services	2	4
Number of directors who exercised share options or had RSUs vest in the Parent's shares	2	0

4. OPERATING PROFIT

Operating profit is stated after charging (in thousands):

	For the years ended 31 December	
	2021	2020
	€	€
Cost of sales:		
Transaction costs	5,415	1,050
Administration expenses:		
Staff costs	54,314	10,641
Other operating expenses	2,444	1,951
Professional services	6,402	2,528
Selling, general, & administrative	5,375	1,157
Operating lease charges	1,585	1,098
Foreign exchange (gains) losses	(15,033)	1,482
Auditors remuneration ⁽¹⁾	157	45
Total administration expenses	<u>55,244</u>	<u>18,902</u>
Total	<u>60,659</u>	<u>19,952</u>

⁽¹⁾ The independent auditor did not provide any services to the Company other than audit services during the reporting periods.

CB Payments, Ltd
Notes to the Financial Statements (Continued)
For the year ended 31 December 2021

5. LEASES

The total future minimum lease payments to be paid under non-cancellable operating leases were as follows (in thousands):

	As at 31 December	
	2021	2020
	€	€
Within one year	1,682	—
Later than one year and not later than 5 years	5,354	—

On 9 December 2020, the Company signed a new lease agreement for 60 months commencing 1 January 2021. The base rent over the term of the lease ranges from €0.1 million to €0.2 million per month and total future lease payments are €7.0 million. During the year ended 31 December 2021 and 2020 the Company's rent expense was €1.6 million and €1.1 million, respectively.

6. SHARE-BASED PAYMENTS

Equity Plans

The Parent maintains four equity incentive plans: the 2013 Stock Plan (the "2013 Plan"), the 2019 Equity Incentive Plan (the "2019 Plan"), the 2021 Equity Incentive Plan (the "2021 Plan", and collectively, the "Plans"), and the 2021 Employee Stock Purchase Plan (the "ESPP"). Following the Direct Listing of the Parent, the Parent has only issued awards under the 2021 Plan and the ESPP, and no additional awards will be granted under the 2013 Plan and 2019 Plan.

The 2021 Plan became effective on March 31, 2021, the date immediately prior to the effective date of the Parent's registration statement for the Direct Listing. The 2021 Plan serves as the successor to the 2019 Plan. Outstanding awards under the 2019 Plan continue to be subject to the terms and conditions of the 2019 Plan. The 2021 Plan provides for the granting of incentive stock options, restricted stock units ("RSUs"), restricted stock, stock appreciation rights and performance and stock bonus awards to assist in attracting, retaining and motivating employees. As of 31 December 2021, only stock options and RSUs were issued and outstanding under the Plans.

Stock Options

Stock options granted under the Plans are to purchase common stock of the Parent. Historically, options generally vest over a four-year period, vesting at a rate of 25% upon the first anniversary of the issuance date and 1/48 per month thereafter. The Plan allows for a seven year exercise window post-termination for employees of the Company who have provided at least two years of continuous service to the Company as of their termination date.

CB Payments, Ltd
Notes to the Financial Statements (Continued)
For the year ended 31 December 2021

The following table illustrates the number and weighted average exercise prices per share ("WAEP") of, and movements in, share options during the period:

	During the years ended 31 December			
	2021		2020	
	Number of options	WAEP (€)	Number of options	WAEP (€)
Outstanding as at 1 January	1,084,208	11.73	934,805	7.91
Granted during year	—	—	453,995	18.10
Forfeited during the year	(61,972)	16.93	(158,544)	13.73
Exercised during the year	(640,310)	8.90	(8,414)	6.73
Transfer in / (out) of employees	(3,193)	12.81	(137,634)	4.70
Outstanding as at 31 December	378,733	16.14	1,084,208	11.73
Exercisable at 31 December	378,733	16.14	1,084,208	11.73

During the years ended 31 December 2021 and 2020, certain employees transferred employment between the Company and affiliates of the Group. These employees were granted awards in prior years, which were still vesting. The terms of the awards did not change when the employees were transferred. The expense related to awards that vested prior to the employee being transferred remained with the previous employer, while the post-transfer expense was recognised by the new employer.

Restricted Stock Units

During the years ended 31 December 2021 and 2020, the Parent issued employees of the Company RSUs. These RSUs vest upon the satisfaction of a service-based condition. In general, the Company's RSUs vest over a service period of one to four years. Once vested, the RSUs are settled by delivery of common stock of the Parent.

Activity of RSUs outstanding under the Plan are as follows (in thousands, except per share data):

	During the years ended 31 December			
	2021		2020	
	Number of shares	Weighted-Average Grant Date Fair Value Per Share (€)	Number of shares	Weighted-Average Grant Date Fair Value Per Share (€)
Balance at 1 January	30,428	47.84	—	—
Granted	117,384	207.54	30,428	47.84
Vested	(50,085)	200.00	—	—
Forfeited and cancelled	(2,907)	242.13	—	—
Balance at 31 December	94,820	158.75	30,428	47.84

CB Payments, Ltd
Notes to the Financial Statements (Continued)
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Employee Stock Purchase Plan

In February 2021, the Parent's Board of Directors approved and adopted the ESPP. The ESPP allows eligible employees of the Company the option to purchase shares of the Parent's common stock at a 15% discount, over a series of offering periods through accumulated payroll deductions over the period. The ESPP also includes a look-back provision for the purchase price if the stock price on the purchase date is lower than the stock price on the offering date. The Company recognises stock-based compensation expenses related to purchase rights granted pursuant to the ESPP on a straight-line basis over the offering period, which is 24 months. The fair value of purchase rights granted under the ESPP is estimated on the date of grant using the Black-Scholes-Merton option valuation model. The ESPP became effective on April 1, 2021, the effective date of the Parent's registration statement for the Direct Listing.

The grant date of the initial offering period was May 3, 2021, and that offering period shall end on April 30, 2023. During the year ended 31 December 2021, total compensation expense of €0.4 million was recognised related to the ESPP. As of 31 December 2021, the Company recorded a liability of €0.1 million related to the accumulated payroll deductions, which are refundable to employees who withdraw from the ESPP. This amount is included within Creditors: amounts due within one year in the accompanying statement of financial position.

Share-based compensation expense

The share-based compensation expense for the year ended 31 December 2021 attributable to the Company amounted to €26.8 million, which includes share-based compensation expense of €6.3 million allocated from Group affiliates in connection with its General Services Agreement. The share-based compensation expense for the year ended 31 December 2020 attributable to the Company amounted to €1.6 million, which includes share-based compensation expense of €0.1 million allocated from Group affiliates in connection with its General Services Agreement.

7. INCOME TAX

The major components of income tax (benefit) charge were as follows (in thousands):

	For the years ended 31 December	
	2021	2020
	€	€
<u>Current income tax</u>		
Current income tax charge	3,856	655
Total current tax	3,856	655
<u>Deferred tax</u>		
Relating to origination and reversal of temporary differences	(1,539)	(392)
Total deferred tax	(1,539)	(392)
Income tax (benefit) charge reported in the statement of comprehensive income	2,317	263

CB Payments, Ltd
Notes to the Financial Statements (Continued)
For the year ended 31 December 2021

Deferred tax asset/ (liability) relates to the following (in thousands):

	As at 31 December	
	2021	2020
	€	€
<u>Deferred tax asset</u>		
Share-based payments	2,339	585
Pension	—	75
Total deferred tax asset	2,339	660
<u>Deferred tax liability</u>		
Fixed assets	(140)	—
Total deferred tax liability	(140)	—
Total Deferred tax asset/ (liability)	2,199	660

Reconciliation of tax expense and the accounting profit multiplied by the Company's domestic tax rate is as follows (in thousands):

	For the years ended 31 December	
	2021	2020
	€	€
Profit on ordinary activities before tax	3,553	1,278
Profit on ordinary activities multiplied by rate of tax 19% (2020: 19%)	675	243
Effects of:		
Deferred tax adjustment	—	(23)
Return to provision adjustment	242	76
SBC excess benefit (net of Arms length Adj)	1,370	(32)
Non-deductible expenses	30	—
Total tax (benefit) charge for period	2,317	263

Reconciliation of deferred tax asset (in thousands):

	For the years ended 31 December	
	2021	2020
	€	€
At 1 January	660	268
Credit to profit	1,539	392
At 31 December	2,199	660

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Notes to the Financial Statements (Continued)
For the year ended 31 December 2021

8. TANGIBLE FIXED ASSETS

Tangible assets held by the Company were as follows (in thousands):

Particulars	Lease hold improvements	Construction in progress	Total
	€	€	€
Cost			
At 1 January 2020	—	—	—
Additions	—	206	206
At 31 December 2020	—	206	206
Additions	469	152	621
Transfer in/ (out)	358	(358)	—
Forex impact	—	20	20
At 31 December 2021	827	20	847
Depreciation			
At 1 January 2020	—	—	—
Charge for the period	—	—	—
At 31 December 2020	—	—	—
Charge for the period	92	—	92
At 31 December 2021	92	—	92
Net book value			
At 31 December 2020	—	206	206
At 31 December 2021	735	20	755

CB Payments, Ltd
Notes to the Financial Statements (Continued)
For the year ended 31 December 2021

9. FINANCIAL INSTRUMENTS

Financial instruments held by the Company were as follows (in thousands):

	As at 31 December	
	2021	2020
	€	€
Financial assets		
Financial assets at amortised cost: ⁽¹⁾		
Debtors: ⁽²⁾		
Accounts receivable	258	–
Deposits	71,124	18,997
Other debtors	1,410	427
Total debtors	72,792	19,424
Amounts due from group undertakings	712,099	54,169
Settlements receivable	13,040	10,394
Short-term investments	299,799	–
Restricted cash	119	111
Cash held at bank:		
Customer deposits held at bank	534,779	278,474
Cash	524,745	68,473
Total financial assets	<u>2,157,373</u>	<u>431,045</u>
Financial liabilities		
Financial liabilities at amortised cost:		
Creditors: amounts falling due within one year:		
Custodial funds due to customers	546,397	277,124
Amounts owed to group undertakings	1,522,307	117,286
Accounts payable and accrued expenses	33,839	1,374
Total financial liabilities	<u>2,102,543</u>	<u>395,784</u>

⁽¹⁾ During the years ended 31 December 2021 and 2020, there were no impairments of financial assets measured at amortised cost.

⁽²⁾ Prepaid expenses of €49.0 thousand and €25.0 thousand as of 31 December 2021 and 2020, respectively, are excluded from Debtors above as they do not represent financial assets.

CB Payments, Ltd
Notes to the Financial Statements (Continued)
For the year ended 31 December 2021

10. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and is responsible for developing and monitoring the Company's risk management strategy and policies.

Liquidity risk

The Company has exposure to liquidity risk arising from its operating activities. The Company actively monitors current cash flow requirements and continually forecasts future cash flows in order to maintain liquidity and ensure that sufficient funds are available for ongoing operations. The Directors consider current cash balances sufficient to meet cash requirements. If required, the Parent will provide ongoing financial support, and there is sufficient cash available in the Parent.

Market risk

Market risk is the risk associated with the effect of changes in market factors on the value of the assets and liabilities held on the Company's statement of financial position, including interest rates, foreign exchange rates, prices of crypto assets, or volatilities such as market volatility or product liquidity.

Interest rate risk

The Company had cash held at bank, restricted cash, customer deposits held at bank and short-term investments of €1.4 billion and €347.1 million as of 31 December 2021 and 31 December 2020, respectively. The Company's investment policy and strategy primarily attempts to preserve capital and meet liquidity requirements without significantly increasing risk. The Company's cash and deposits held at call with banks is in interest bearing accounts. Changes in interest rates would primarily impact Interest (expense) income and other similar (charges) income recorded in the statement of comprehensive income. A hypothetical 100 basis points increase or decrease in interest rates would not have a material impact on total net profit for the years ended 31 December 2021 and 31 December 2020.

Foreign currency risk

The Company has exposure to foreign currency translation gains and losses arising from financial transactions denominated in a currency other than the Company's functional currency. Accordingly, changes in exchange rates may negatively affect the Company's future operating results upon translation into Euros. At this time, the Company does not, but may in the future, enter into derivatives or other financial instruments in an attempt to hedge the Company's foreign currency exchange risk. A 10% increase or decrease in current exchange rates applied to the Company's net assets and liabilities denominated in foreign currencies as of 31 December 2021 would have resulted in a €0.6 million and €0.1 million increase or decrease in net profit (loss) for the years ended 31 December 2021 and 2020 respectively.

Credit Risk

The Company's aggregate cash held at bank, restricted cash and short-term investments of €1.4 billion and €347.1 million as of 31 December 2021 and 31 December 2020, respectively, are potentially subject to credit risk. As of 31 December 2021 and 31 December 2020, the Company had not experienced losses on its cash and other monetary amounts held at financial institutions and believes the Company is not exposed to significant risks on such accounts.

CB Payments, Ltd
Notes to the Financial Statements (Continued)
For the year ended 31 December 2021

The Company's cash held at bank, restricted cash and short-term investments were placed with the below financial institutions as of 31 December 2021 (in thousands):

Financial Institution	Balance	% of Cash and Other Monetary Amounts at Financial Institution	Moody's Investor Service Credit Rating
	€	%	
Clearbank, Ltd.	674,266	50	Not publicly rated ⁽¹⁾
JPMorgan Chase Bank, N.A.	399,747	29	Aa1
AS LHV Group	214,157	16	Baa1
Silvergate Capital Corp.	71,272	5	Baa1
	<u>1,359,442</u>	<u>100</u>	

⁽¹⁾ Clearbank, Ltd. partners with the Bank of England which has a Moody's Investor Service Credit Rating of Aa2.

11. SHARE CAPITAL

Share capital consisted of the following (in thousands, except par value per share and number of ordinary shares):

	As at December 31,	
	2021	2020
	€	€
Allotted, issued and fully paid		
100 Ordinary shares of £0.001	—	—
1,000,000 Ordinary shares of €1	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

There are no restrictions on the distribution of dividends and the repayment of capital.

During the year ended 31 December 2021, the Parent did not make any capital contributions. During the year ended 31 December 2020, the Parent made capital contributions totalling €23.3 million.

12. RELATED PARTY DISCLOSURES

The Company has elected the exemption available under FRS 102, paragraph 33.1A, from the requirement to make disclosures regarding transactions with other wholly owned group companies, except for as follows.

During the year ended 31 December 2020, the Company entered into a General Services Agreement ("GSA") with Coinbase, Inc, an affiliate company of the Group. Under the agreement, the Company receives general, administrative, and management services related to the Company's business operations from Coinbase, Inc. In exchange, the Company pays a fee, which is determined using a fixed markup on the costs incurred in providing those services.

CB Payments, Ltd
Notes to the Financial Statements (Continued)
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The expenses charged to the Company related to the GSA were as follows (in thousands):

	For the year ended 31 December 2021	For the period from 12 August 2020 (incorporation) through 31 December 2020
	€	€
Staff costs	12,857	614
Selling, general & administrative	2,230	523
Other operating expenses	2,164	196
Total	<u>17,251</u>	<u>1,333</u>

13. POST BALANCE SHEET EVENTS

The Company has assessed events after the reporting period through 18 July 2022.

The geopolitical situation in Eastern Europe intensified on 24 February 2022, with Russia's invasion of Ukraine. The war between the two countries continues to evolve as military activity proceeds and additional sanctions are imposed. In addition to the human toll and impact of the events on entities that have operations in Russia, Ukraine, or neighbouring countries or that conduct business with their counterparties, the war is increasingly affecting economic and global financial markets and exacerbating ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption resulting in broader impacts on macroeconomic conditions. The Company has considered their direct and indirect exposures to the impacts of the war through 18 July 2022 and determined there were no material impacts to the Company's financial statements.

In addition, the first half of 2022 continued a trend of both lower crypto asset prices and volatility that began in late 2021. This trend could have an impact on the company's 2022 results of operations but is not expected to have a material impact on the Company's business operations or operating margin.