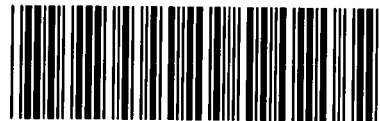


REGISTERED NUMBER: 11497305 (England and Wales)

Annual report and Financial Statements
for the year ended 31 December 2021
for
GEMINI PAYMENTS UK, LTD
(Formerly GEMINI EUROPE, LTD)

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GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

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GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Company Information

DIRECTORS	Ms. G. Lynch (appointed 7 October 2022) Ms. S. Ramezan (appointed 7 October 2022) Mr. C Winklevoss (resigned 7 October 2022) Mr. B Halliday (resigned 22 September 2022) Mr. M. Breu (resigned 10 February 2021)
SECRETARY	Vistra Cosec Limited
REGISTERED OFFICE	Suite 1, 7th Floor 50 Broadway, London, United Kingdom, SW1H 0LB
REGISTERED NUMBER	11497305 (England and Wales)
AUDITORS	Deloitte Ireland LLP Deloitte & Touche House, 29 Earlsfort Terrace, Dublin 2 D02 AY28 Ireland

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Strategic Report

Review of Business

Gemini Payments UK, Ltd (formerly Gemini Europe, Ltd) (the "Company") is a private company, incorporated on 2 August 2018, limited by shares, registered in England and Wales under the Companies Act 2006. The Company is a directly wholly owned subsidiary of Gemini Intergalactic, LLC ("the Parent"), a limited liability company registered and headquartered in the United States of America and an indirectly wholly owned subsidiary of Gemini Space Station, LLC ("Space Station"), a limited liability company registered and headquartered in the United States of America. The Company, the Parent, and Space Station are part of the Gemini corporate group of entities ("Gemini Group"). The Gemini Group's primary activity is as a cryptocurrency exchange and custodian that allows customers to buy, sell and store digital assets.

On 19 August 2020, the Company was granted authorisation to issue electronic money ("e-money") and provide payment services as an authorised electronic money institution ("EMI") by the Financial Conduct Authority ("FCA") under the Electronic Money Regulations 2011. Following receipt of its authorisation, the Company commenced trading in August 2020.

The prior accounting period covers the 16-month period from 1 September 2019 to 31 December 2020 (the "Prior Period"). This longer reporting period ended 31 December 2020 is presented to align the reporting period of the Company with that of Space Station and the Gemini Group. Due to the varying length of the report periods, the amounts presented on the financial statements and related notes for 2021 and the Prior Period, are not entirely comparable.

As an EMI authorised by the FCA, the Company's principal activity is to provide e-money services and payment processing services for UK users of the Gemini crypto exchange platform. The Company provides customers with an online Gemini account where customers can use fiat funds (both pound sterling and euro) to purchase and hold e-money, at par value. The Company introduces these customers to Gemini Europe Services, Ltd, a fellow group company that offers cryptocurrency exchange and custody services. In exchange for these services the Company receives a service fee based on the Company earning a profit margin in excess of the costs incurred by the Company in providing these services, which are primarily staff and administrative related costs.

The Company reports an operating profit of £343,143 (2020 16-month period: £93,351) for the year ended 31 December 2021. The Company has net current assets of £3,359,447 (2020: £425,538) as at 31 December 2021. The Company has £4,282,099 (2020: £318,475) of cash held at bank and £26,395,685 (2020: £3,527,526) of customer deposits held at bank as at 31 December 2021.

Principal key performance indicators ("KPIs") used by management to monitor performance

The Company monitors KPIs to measure its performance against the key elements of its business strategy. These include supporting customer retention and growth, supporting the Gemini brand in the United Kingdom, continuing to develop and expand its fiat payment offerings and supporting risk management and compliance through robust anti-money laundering and "know your customer" processes.

The volume of new customer accounts and the percentage of actively trading customer accounts were deemed to be the primary KPIs for the Company. Based on the Company's business, these KPIs are an indicator of the Company's ability to effectively execute its business strategy and grow its customer base.

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Strategic Report (continued)

During the first 12-month period of trading from 1 October 2020 to 30 September 2021, the Company achieved 713% of its targeted new customer account volumes, which was largely due to the strong bull crypto market experienced in mid 2021. This is further evidenced by the fact that the new customer account volume target for the second year of trading has been exceeded over the 3-month period from 1 October 2021 to 31 December 2021.

The Company monitors actively trading account volumes on a calendar year basis. Over the year 2021, 37% (2020: 11.5%) of customer accounts were deemed to be actively trading. This KPI has risen since 2020 as per the Directors expectations, when the shortened trading period in 2020 was considered, and is now and is in line with expectations when compared to group standards.

Principal risks and uncertainties

The Company's financial risks and management of those risks is outlined in Note 15 to the financial statements. These risks are deemed to be the principal risks and uncertainties facing the Company.

Regulatory Risk

The Company's business is highly integrated with that of an affiliate that currently provides services relating to digital assets. International or local governments may restrict the use and exchange of digital assets in the future. There is also uncertainty over the current and future accounting, tax, legal and regulatory requirements relating to digital assets or transactions utilizing digital assets. Any unfavorable government regulations, accounting, tax, legal or regulatory treatment of digital assets or transactions could materially and adversely affect the Company's business.

The Company and the Gemini Group proactively engage with regulators to understand and embrace the evolving regulatory landscape of the crypto industry. The Company has a dedicated and experienced compliance team to ensure that the business and staff is fully informed of any relevant regulatory changes, financial service licensing options and operational impacts of new regulations.

Information Security Risks

The Company obtains and processes a large amount of sensitive data. Any real or perceived improper or unauthorized use of, disclosure of, or access to such data could harm the Company's reputation as a trusted brand, as well as have a material and adverse effect on its business. The Company has administrative, technical, and physical security measures in place, and has policies and procedures in place to contractually require third parties to whom it transfers data to implement and maintain appropriate privacy and security measures. However, if the Company's privacy and security measures or those of the previously mentioned third parties are inadequate or are breached as a result of third-party action, employee error, malfeasance, malware, phishing, hacking attacks, system error, software bugs or defects in its products, trickery, process failure, or otherwise, and, as a result, there is improper disclosure of or someone obtains unauthorized access to or misappropriates funds, or sensitive information, including personally identifiable information, on the Company's systems or its partners' systems, or if it suffers a ransomware or advanced persistent threat attack, or if any of the foregoing is reported or perceived to have occurred, the Company's reputation and business could be damaged. If the sensitive information is lost or improperly disclosed or threatened to be disclosed, the Company could incur significant liability, financial loss, and be subject to regulatory scrutiny and penalties, including costs associated with remediation. The Company has appropriate business continuity and response plans in place, as well as a highly skilled information security team in order to mitigate these risks.

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Strategic Report (continued)

Compliance Risks

As the Company is an EMI authorised by the FCA, the Company needs to meet compliance requirements related to, among other things, capital reserve requirements, customer funds safeguarding and conduct of business requirements. Failures to meet these compliance requirements may expose the Company to adverse penalties and consequences. The Company has a dedicated and experienced compliance team to ensure that the business and staff is fully informed of any relevant regulatory changes, financial service licensing options and operational impacts of new regulations.

Environmental Risk

The digital asset industry continues to come under scrutiny due to its environmental impact, primarily because of the energy consumption required for the mining process by which new coins are brought into circulation or for transactions in certain digital assets which require the "proof of work" system, which is effectively a verification system to secure the network and ensure the same token or coin cannot be spent twice. This scrutiny has led to additional pressure on the industry from consumers as well as policy makers. This presents several risks to the Company such as pressure to invest in lower-carbon technology or a potential shift in customer demand for more climate-conscious products.

Conscious of these factors, in June 2021, the Gemini Group launched Gemini Green, a long-term initiative to incorporate climate-conscious practices into their business, the initial focus of which is the energy consumption of the Bitcoin Network. The Gemini Group also continues to expand and diversify its digital asset offering to include digital asset classes which do not rely on the "proof of work" system as such have a lower carbon footprint.

Adverse effects as a result of macroeconomic factors

Macroeconomic factors are influential fiscal, natural, or geopolitical events that broadly affect economies and as such may have a knock-on impact on the operating results of the Company. Although the Company does not hold crypto assets directly, the Company's operating results are dependent on crypto asset prices, the general health of the crypto economy and the broader overall economy. The Company's operating results will fluctuate significantly as a result of a variety of factors, many of which are unpredictable and in certain instances outside of the Company's control. The relevant key macroeconomic factors identified as at the reporting date include:

- The continued decline in crypto asset prices along with a loss of confidence in the sector, particularly in relation to retail customers, as a result of the ongoing turbulence in the market.
- The increase in interest rates in the UK from 0.25% at the start of 2022 to 4% by February 2023, has generally led to a lower appetite for perceived high-risk/high-return assets such as crypto assets.
- Inflation has almost doubled in the UK since the start of 2022, which has led to an increase in the cost of living and less disposable income.
- The ongoing geopolitical situation in Eastern Europe has a pronounced impact on global markets and heightened ongoing economic challenges, such as rising inflation, supply chain disruption and the cost of living.

As a result of these factors, it is difficult for the Company to forecast growth and future performance accurately, particularly in the short term, and as such there is an inherent risk that forecasted performance will not align to actual.

Approved by the Board of Directors and signed on its behalf by:

DocuSigned by:

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Ms. Stephanie Ramezan
Director
18 April 2023

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Report of the Directors

The Directors present herewith their annual report and audited financial statements of Gemini Payments UK, Ltd (the "Company") for the year ended 31 December 2021. The Statement of Directors' responsibilities in relation to the financial statements is on page 9. The financial statements have been prepared in accordance with, United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Please refer to the Strategic Report on pages 3 to 5 for review of business, key performance indicators and the principal risks and uncertainties of the Company.

Directors

The Directors of the Company during the year ended 31 December 2021 and up to the date of signing were:

Cameron Winklevoss	(resigned 7 October 2022)
Blair Halliday	(resigned 22 September 2022)
Michael Breu	(resigned 10 February 2021)
Gillian Lynch	(appointed 7 October 2022)
Stephanie Ramezan	(appointed 7 October 2022)

Results and Dividends

The results for the year are shown per the statement of comprehensive income on page 14.

The Directors did not declare nor pay any dividend during 2021 or in the prior period.

During the year, the Company made charitable donations totaling £82,339 (2020: nil).

Going Concern

The financial statements have been prepared on a going concern basis for the year ended 31 December 2021, which the Directors consider to be appropriate for the following reasons.

There has been a pronounced decline in prices in the crypto market in 2022, which along with other macroeconomic factors such as rising inflation and interest rates, has resulted in a prolonged bear market. As a result, there have been a number of entities within the wider crypto economy which have experienced financial, operational and liquidity difficulties, which in some cases have resulted in bankruptcy. The Gemini Group has had no material exposure to these entities. The Directors believe that this turmoil may drive the need for more regulation and oversight in the crypto economy in order to restore customers' confidence in the market. As Gemini has placed regulation and security at the centre of how the business is run since the outset, this increased focus on regulation may result in Gemini being well positioned once the markets recover.

However, in the short-term trading volumes and revenues across the group have declined as customer confidence in the market has waned. The Gemini Group has taken steps to ensure that the Company, and the Gemini Group, continue as a going concern throughout this period. Forecasts have been recalculated based on current market conditions and costs have been cut through reductions in headcount and refocused spending plans to ensure the company continues to be profitable even at reduced revenue levels. In addition, as at the date the financial statements were approved, the Company has sufficient cash reserves held in order to fund the Company's own operations for a twelve-month period.

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Report of the Directors (continued)

The Company has been profitable for the year ended 31 December 2021, with an available operating cash balance of £4.28 million and is in a net asset position. On 29 April 2021, the Company's parent, Gemini Intergalactic, LLC, made a capital contribution totaling £1.05 million, without the issuance of new ordinary shares.

This provided additional funding for the Company to support its continued growth and ensure all regulatory capital requirements are met. The Directors believe that the Company is a going concern based on the stand-alone business prospects of the Company after considering forecasted revenue and expenses both at the Company and the Gemini Group level. Together with the current strong financial position, cash reserves and the continued support from its Parent, the Directors believe that the Company is well placed to manage its business risks successfully going forward and are satisfied that the Company has and will maintain sufficient financial resources to enable it to continue operating in the foreseeable future.

Events after the reporting period

The Company has performed an evaluation of events after the reporting period through the date the financial statements were issued. There were no additional significant subsequent events that occurred between the Balance Sheet date and the date of signing of the financial statements, affecting the Company, which require adjustment to or disclosure in the financial statements, outside of the items disclosed in note 17 to the financial statements.

Likely future developments

The Directors expect the Company to continue to provide e-money services to its customers for the foreseeable future. The Directors expect the level of transaction activity to decrease in the forthcoming year due to the continued decline in the crypto markets and broader macroeconomic conditions. The Company will continue to support both the retention and growth of its customer base; however, the rate of growth is expected to be lower than in the preceding financial year. The Company will continue to fulfill its key business strategies, namely:

- Supporting customer retention and growth
- Supporting the Gemini brand in the United Kingdom
- Continuing to develop and expand the ways users can purchase e-money and types of e-money they can hold
- Supporting risk management and compliance policies and procedures

Accounting Records

To ensure that adequate accounting records are kept in accordance with Companies Act 2006, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The accounting records are located at the company's registered office at 50 Broadway, London, United Kingdom.

Statement of relevant audit information

The Directors who held office at the date of approval of this Directors' report confirm that:

- a. so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and
- b. that each Director has taken all steps that they ought to have taken as a director to make themselves 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.

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

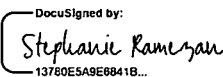
Report of the Directors (continued)

Independent Auditor

On 22 March 2023, Deloitte Ireland LLP, chartered accountants, and statutory audit firm, were reappointed and will continue in office in accordance with section s489 of the Companies Act 2006.

Deloitte Ireland LLP will step down as auditor of the Company following the conclusion of the 2021 financial year end process.

Approved by the Board of Directors and signed on its behalf by:

DocuSigned by:

13780E5A9E6841B...
Ms. Stephanie Ramezan
Director
18 April 2023

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Statement of Directors' Responsibilities

The Directors are responsible for preparing 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) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and 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 GEMINI PAYMENTS UK, LTD

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Gemini Payments UK, 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 United Kingdom Generally Accepted Accounting Practice, including 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 statement of cash flows; and;
- the related notes 1 to 17.

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.

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

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 and financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 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.

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

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, tax legislation; 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.

We discussed among the audit engagement team including relevant internal specialists such as tax and industry specialists 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.

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 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.

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 report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the Directors has 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 and the report of the Directors.

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

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 Ireland LLP
Dublin, Ireland

Date: 19 April 2023

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Statement of Comprehensive Income
For the year ended 31 December 2021

		31 December 2021	31 December 2020
	Note	£	£
Turnover	3	6,366,914	1,821,555
Cost of sales		-	-
Gross Profit		6,366,914	1,821,555
Administrative expenses	4	(5,263,568)	(1,728,204)
Operating profit before provisions and taxation		1,103,3461	93,351
Other provisions	10	(760,203)	-
Operating profit before taxation		343,143	93,351
Taxation	6	(17,685)	(17,814)
Profit for the year/period		325,458	75,537
Other comprehensive income		-	-
Total comprehensive income for the year/period		325,458	75,537

The notes on pages 19 to 35 form an integral part of these financial statements.

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Statement of Financial Position
As at 31 December 2021

		31 December 2021 £	31 December 2020 £
	Note		
Current assets			
Debtors	7	2,344,985	2,263,032
Customer deposits held at bank	8	26,395,685	3,527,526
Cash held at bank	15	4,282,099	318,475
Total current assets		33,022,769	6,109,033
Creditors: amounts falling due within one year	8	(29,663,3227)	(5,683,495)
Net current assets		3,359,447	425,538
Creditors: amounts falling due after one year	9	(798,248)	-
Other provisions	10	(760,203)	-
Net assets		1,800,996	425,538
Shareholder's equity			
Share capital	12	350,001	350,001
Capital Contribution	12	1,050,000	-
Retained earnings		400,995	75,537
Total shareholder's equity		1,800,996	425,538

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Statement of Financial Position (continued)
As at 31 December 2021

The notes on pages 19 to 35 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 18 April 2023 and signed on its behalf by:

DocuSigned by:

Stephanie Ramezan
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Ms. Stephanie Ramezan
Director

18 April 2023

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Statement of Changes in Equity
For the year ended 31 December 2021

	Note	Share Capital	Capital Contribution	Retained Earnings	Total Equity
		£	£	£	£
At 31 August 2019		1	-	-	1
Total comprehensive income for the period		-	-	75,537	75,537
New shares issued	12	350,000	-	-	350,000
At 31 December 2020		350,001	-	75,537	425,538
Total comprehensive income for the year		-	-	325,458	325,458
Capital Contribution	12	-	1,050,000	-	1,050,000
At 31 December 2021		350,001	1,050,000	400,995	1,800,996

The notes on pages 19 to 35 form an integral part of these financial statements.

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Statement of Cash Flows
For the year ended 31 December 2021

		31 December 2021 £	31 December 2020 £
	Note		
Cash flow from operating activities			
Profit for the year/period		325,458	75,537
Adjustment for:			
Increase in other provisions	10	760,203	-
Increase in debtors	7	(81,953)	(2,263,031)
Increase in customer deposits	8	22,867,721	3,527,964
Increase in other creditors	8/9	1,910,354	2,155,531
Net cash flow from operating activities		<u>25,456,325</u>	<u>3,420,464</u>
Cash flows from financing activities			
Issue of ordinary share capital	12	-	350,000
Capital contribution	12	1,050,000	-
Net cash flow from financing activities		<u>1,050,000</u>	<u>350,000</u>
Increase in cash and cash equivalents		26,831,783	3,846,001
Cash and cash equivalents at 1 January		3,846,001	-
Cash and cash equivalents at 31 December	15	<u>30,677,784</u>	<u>3,846,001</u>

The notes on pages 19 to 35 form an integral part of these financial statements.

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Notes to the Financial Statements

1. GENERAL INFORMATION

Gemini Payments UK, Ltd ("the Company") is a private company, limited by shares, registered in England and Wales under the Companies Act 2006. The Company's registered number is 11497305 and its registered office is Suite 1, 7th Floor, 50 Broadway, London, SW1H 0LB United Kingdom. The Company is a wholly owned subsidiary of Gemini Intergalactic, LLC ("the Parent"), a limited liability company registered and headquartered in the United States of America.

2. ACCOUNTING POLICIES

a) Statement of compliance

The 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 UK and Republic of Ireland" and with the Companies Act 2006.

The accounting policies have been consistently applied by the Company and are consistent with the prior period, unless otherwise described.

b) Basis of presentation and measurement

The financial statements are presented in pound sterling (£), which is the functional currency of the Company.

The financial statements have been prepared on the historical cost basis with the exception of the following which are stated at their fair value:

- Provision for allowance for transaction losses.
- Share based payments

c). Adoption of new accounting standards

During the financial year to 31 December 2021, the Company applied for the first-time certain standards and amendments that are relevant to its operations which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The adoption of these new standards did not result in changes to the company's accounting policies and has no material effect on the disclosures or on the amounts reported for the current period.

d) Critical accounting judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for certain assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. Significant estimates made by the Company include the provisioning of transactional losses, the provisioning of potential VAT liabilities and the fair value of share-based payments. The nature of estimation means that actual outcomes could differ from those estimates.

Significant accounting judgements made by the Company include;

- the determination of the level of revenue earned under contracts with group companies, which are established by applying the arm's length principle consistent with applicable transfer pricing guidelines. The Company performed benchmarking analysis to determine appropriate revenue ranges.

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Notes to the Financial Statements (Continued)

e) Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates or duty.

The Company derives its revenue predominantly from the e-money and payment processing services that it provides to customers of Gemini Intergalactic UK, Ltd (formerly Gemini Europe Services, Ltd), which is a fellow subsidiary of Gemini Intergalactic, LLC. The Company provides customers with an online Gemini account into which customers can use fiat funds (both pound sterling and euro) to purchase e-money, at par value. The Company introduces these customers to Gemini Intergalactic UK, Ltd, which allows the customers to use their e-money to buy crypto currencies offered on the Gemini crypto currency exchange. The service is considered to be provided over time, as it involves a 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.

The Company also generates revenue from providing staffing services to Gemini Intergalactic UK, Ltd, which includes, but is not limited to, management, finance, tax and compliance staffing. The fee is based on a percentage of the Company employees' time spent providing these services and is considered to be provided over time, as it involves a number of acts over a period of time.

f) Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are recognized in the statement of comprehensive income and are included in administrative expenses.

g) Financial Instruments

The Company has chosen to account for financial instruments in accordance with Sections 11 and 12 of FRS 102.

The Company's financial assets and liabilities comprise trade and other receivables, cash and cash equivalents and trade and other payables. The accounting policies for these items are described below.

Basic financial instruments – financial assets other than equity investments

Trade and other receivables are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

These basic financial assets, other than short term receivables, are subsequently carried at amortised cost using the effective interest method.

Short term trade and other receivables with no stated interest rate which are receivable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in administrative expenses. Impairment is measured on an incurred loss model which requires the Company to assess whether there is any objective evidence of impairment at the end of the reporting period. An asset is impaired if and only if the loss is incurred at the reporting date as a result of one or more events that occurred after initial recognition of the asset.

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Notes to the Financial Statements (Continued)

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less. Such balances are considered highly liquid with minimal risk of default and typically funds are received in less than 3 days.

Basic financial instruments - financial liabilities

Basic financial liabilities including trade and other payables are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the liability is measured at the present value of the future payments discounted at a market rate of interest.

Basic financial liabilities, other than short term payables, are subsequently carried at amortised cost, using the effective interest rate method. The effective interest rate amortisation is included in interest payable and similar expenses in the income statement.

Short term trade and other payables with no stated interest rate which are payable within one year are recorded at transaction price.

Allowances for transaction losses

Allowances for transaction losses on customer accounts that hold negative fiat balances are recognised based the fair value of any fiat and digital assets held by the customer as at the reporting date.

Share based payments

Share based payments are measured based on the estimated fair value of the Phantom Units vested as at the reporting date.

h) Leasing commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term. Lease incentives are recognised over the lease term on a straight-line basis. All leases entered into throughout the course of the period were deemed to be operating leases.

i) Taxation

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.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet 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 deemed necessary.

j) Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Notes to the Financial Statements (Continued)

Provisions for expected transactional losses are for potential expenses related to canceled or unfunded transactions from retail customers. Provisions for expected Value Added Taxes ("VAT") are for potential expenses as a result of the obligation for the Company to register for VAT.

k) Share based payments

The Gemini Group enters into compensation arrangements with employees and non-employees settled in the form of common units of Gemini Astronaut Corps, LLC (such units, the "Incentive Units"). Gemini Astronaut Corps LLC was formed for the sole purpose of holding common units of Gemini Space Station.

Each Incentive Unit awarded to a recipient directly corresponds to a common unit of Gemini Space Station that is held by Gemini Astronaut Corps LLC, such that recipients indirectly receive common units as awards.

The Incentive Units of Gemini Astronaut Corps LLC and the corresponding common units of Gemini Space Station are profits interests of Gemini Astronaut Corps LLC and Gemini Space Station, respectively.

The Company awards phantom, cash-based awards to certain employees. These phantom awards (the "Phantom Units") entitle the recipients to a cash payment, based on the value of a corresponding Incentive Unit. The Phantom Units are accounted for as liability classified share-based payments, as they do not provide any equity interests, voting, dividend, or other participation rights.

The value which the Company uses to recognize expenses is based on the estimated reporting date fair value of the Phantom Units until the date the units are cash settled.

As of December 31, 2021, all awards of Phantom Units are subject to the same service-based 4-year graded vesting schedule that the majority of Incentive Units are subject to. The vested Phantom Units entitle the recipients, who are employees, to receive a cash payment when and if payments are made to a corresponding Incentive Unit. Upon certain types of separation events, vested Phantom Units will be repurchased from recipients by the Company with cash, based on the fair value of the corresponding Incentive Units as of the repurchase date. Expense for Phantom Units is recognized over the requisite service period, which is based on the 4-year schedule discussed above, using the straight-line method.

3. TURNOVER

Turnover during the year was as follows:

	31 December 2021 £	31 December 2020 £
Intragroup electronic money services	6,111,914	1,609,055
Intragroup outsourcing services	255,000	212,500
	6,366,914	1,821,555

Turnover is earned from related party services agreements as outlined in note 16.

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Notes to the Financial Statements (Continued)

4. ADMINISTRATIVE EXPENSES

Administrative expenses during the year were as follows:

	31 December 2021 £	31 December 2020 £
Staff costs	2,370,209 ⁽²⁾	806,102
Bank & transaction processing charges	1,274,257	89,420
Sponsorships	616,698	4,400
Professional services	545,511	503,130
Other operating expenses	290,625	194,289
Operating lease charges	16,911	86,734
Foreign exchange losses/(gains)	78,557	(38,671)
Auditors' remuneration	70,800 ⁽¹⁾	82,800
	5,263,568	1,728,204

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

(2) Staff costs and director's remuneration are detailed under note 5.

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Notes to the Financial Statements (Continued)

5. STAFF COSTS

Staff costs and numbers during the year were as follows:

	31 December	31 December
	2021	2020
	£	£
Wages and salaries	1,391,349	720,075
Social security costs	164,703	83,292
Other benefits	15,909	2,735
Share based payments	798,248	-
	2,370,209	806,102

The average monthly number of employees (including executive directors) employed by the Company was 8 employees (2020: 2).

One director (2020: 2) was remunerated by the Company during the period. The director's emoluments were as follows:

	31 December	31 December
	2021	2020
	£	£
Directors' emoluments	345,000	308,125
Social security costs	38,152	35,027
Other benefits	1,319	(93)
Share based payments	424,880	0
	809,351	343,059

In respect of the highest paid director, aggregate remuneration for the year was £809,351 (2020: £191,456).

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Notes to the Financial Statements (Continued)

6. TAX

The major components of income tax expense for the periods ended 31 December 2021 and 31 December 2020 were:

	31 December 2021 £	31 December 2020 £
<u>Current tax</u>		
UK corporation tax on income for the year/period	217,247	17,814
Total current tax charge for the year/period	218,672	17,814
<u>Deferred tax</u>		
Origination of timing differences	(199,562)	-
Total tax charge for the year/period	17,685	17,814

The tax assessed on the profit before tax for the year is higher than the standard rate of corporation tax in the UK of 19% (2020 – 19%). The differences are reconciled below:

	31 December 2021 £	31 December 2020 £
Profit before taxation	343,143	93,351
<i>Effects of:</i>		
Profit before taxation at standard rate of corporation tax in the UK of 19% (2020- 19%)	65,197	17,737
Expenses not deductible for tax purposes	152,050	77
Deferred tax assets recognised	(199,562)	-
Total tax charge for the year/period	17,685	17,814

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Notes to the Financial Statements (Continued)

The deferred tax included on the statement of financial position is as follows:

	31 December 2021 £	31 December 2020 £
Deferred tax assets - Included in debtors (note 7)	199,562	-
At 1 January 2021	-	-
Deferred tax credit in profit and loss account	199,562	-
At 31 December 2021	199,562	-

The balance of deferred tax at 31 December 2021 relates to timing differences between the recognition of share-based payment expenses against the taxable profits of the Company for financial statements and for tax assessment purposes.

7. DEBTORS

	31 December 2021 £	31 December 2020 £
Amounts owed by group companies	2,114,057	1,944,146
Deferred tax	199,562	-
Vendor advances	28,337	294,525
Prepayments	-	6,736
Deposits	3,029	17,625
	2,344,985	2,263,032

Amounts owed by group companies related to short term funding are interest free and have a rolling 365-day notice period. Amounts owed by group companies under the agreements as outlined in note 16 are due within 90 days. All debtors fall due within one year.

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Notes to the Financial Statements (Continued)

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2021 £	31 December 2020 £
Customer deposits	26,395,685	3,527,964
Amounts owed to group companies	2,553,141	1,901,768
Accounts payable and accrued expenses	714,496	253,763
	29,663,322	5,683,495

Amounts owed to group companies related to short term funding are interest free and have a rolling 365-day notice period. Amounts owed to group companies under the agreements as outlined in note 16 are due within 90 days. All creditors fall due within one year.

Customer deposits are held in dedicated safeguarding accounts in the Company's name with LHV Bank and Clearbank Limited.

9. SHARE BASED PAYMENTS

During the year the Company recognised £798,248 (2020: £nil) in share-based payments expenses for Phantom Unit awards. The following table represents the activity of Phantom Units awards for the year:

	Phantom Units 2021	Phantom Units 2020
Unvested, 1 January	22,400	-
Granted	245,956	133,448
Vested	(76,793)	(5,198)
Forfeited	-	(105,850)
Unvested, 31 December	191,563	22,400

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Notes to the Financial Statements (Continued)

As of 31 December 2021, there was \$3,743,688 in total unrecognised share-based payment expense related to Phantom Units. The unrecognised expense for the Phantom Units is expected to be recognised over a weighted-average period of 3.24 years subject to continued vesting. As the value of a Phantom Unit is indexed to an Incentive Unit, the reporting date fair value of Phantom Units is estimated based on the reporting date fair value of the corresponding Incentive Unit.

The Company takes into consideration many factors in determining the fair value of the Incentive Units and estimates the fair value of such awards on the grant date. The Company used an option pricing model to estimate the fair value of the Incentive Units with the following assumptions as of 31 December 2021:

	31 December 2021
Expected term in years	1.5 - 3.25
Volatility	70 - 80%
Risk-free rate	0.41 - 0.56%
Dividend yield	0.00%

Expected volatility - The expected volatility is based on the volatility of peer companies. Management believes this is the best estimate of the expected volatility over the expected life of its Incentive Units.

Expected term - The Company determines the expected term based on the average period the Incentive Units are expected to remain outstanding, generally calculated as the midpoint of the Incentive Units' remaining vesting term and contractual expiration period, as the Company does not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior.

Risk-free interest rate - The risk-free interest rate is based on the U.S. Treasury security in effect at the time the options were assumed for maturities corresponding with the expected term of the Incentive Units.

Expected dividend yield - The Company has not paid and does not expect to pay dividends. Consequently, the Company uses an expected dividend yield of zero.

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Notes to the Financial Statements (Continued)

10. PROVISIONS

	31 December 2021 £	31 December 2020 £
Allowance for transaction losses	661,177 ⁽¹⁾	-
Provision for VAT payable	99,026 ⁽²⁾	-
	760,203	-

(1) The Company recognises an allowance for transaction losses on customer accounts which contain negative fiat balances. In determining the allowance, the Company considers historical loss experience, the aging of the negative balance, and the fair value of any digital assets held by the customer. The Company currently has no expectation of transaction losses for customer accounts where the fair value of the digital assets on account is equal to or in excess of the negative fiat balance. In cases where the fair value of the digital assets held is less than the negative fiat balance, and it is not reasonably expected that the customer will replenish such a shortfall, the Company recognises an allowance for transaction loss in the amount of the difference.

(2) The Company recognises a provision for the potential VAT payable if the Company was VAT registered as at the year end. The Company is currently reviewing its VAT status in relation to the thresholds for registration as prescribed by HM Revenue and Customs, with a view to regularizing its position and registering for VAT if these thresholds have been reached.

11. OBLIGATIONS UNDER LEASE CONTRACTS

In total, future minimum rentals payable under non-cancellable operating leases are as follows:

	31 December 2021 £	31 December 2020 £
Not later than one year	700	4,913
	700	4,913

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Notes to the Financial Statements (Continued)

12. ALLOTTED AND ISSUED SHARE CAPITAL

	31 December 2021 £	31 December 2020 £
<i>Allotted, issued and fully paid</i>		
Ordinary shares of £1 each	350,001	350,001

All shares have full rights in the Company with respect to voting, dividends, and distributions.

On 29 April 2021, the Company's parent Gemini Intergalactic, LLC made a capital contribution totaling £1.05 million, without the issuance of new ordinary shares.

13. ANALYSIS OF CHANGES IN NET DEBT

	At 31 December 2020 £	Cash flows £	Foreign exchange Movements £	At 31 December 2021 £
Customer deposits held at bank	3,527,526	23,292,281	(424,122)	26,395,685
Cash held at bank	318,475	3,965,471	(1,847)	4,282,099
Total	3,846,001	27,257,752	(425,969)	30,677,784

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Notes to the Financial Statements (Continued)

14. FINANCIAL INSTRUMENTS

Financial instruments held by the Company were as follows:

	31 December 2021 £	31 December 2020 £
Financial assets		
<i>Financial assets at amortised cost</i>		
Amounts owed by group companies	2,114,057	1,944,146
Customer deposits held at bank	26,395,685	3,527,526
Other receivables	31,366	318,886
Cash held at bank	4,282,099	318,475
	<u>32,823,207</u>	<u>6,109,033</u>
Financial liabilities		
<i>Financial liabilities measured at fair value through profit or loss</i>		
Allowance for transaction losses	661,177	-
Share based payments	798,248	-
	<u>1,459,425</u>	<u>-</u>
<i>Financial liabilities at amortised cost</i>		
Customer deposits	26,395,685	3,527,964
Amounts owed to group companies	2,553,141	1,901,768
Provision for VAT payable	99,026	-
Accounts payable and accrued expenses	714,496	253,763
	<u>29,762,348</u>	<u>5,683,495</u>

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Notes to the Financial Statements (Continued)

15. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the oversight and establishment of the Company's risk management framework and is responsible for developing and monitoring the Company's risk management strategy and policies. As a result of its operations, the Company has exposure to various risks, however appropriate measures and methods have been put in place to manage these risks during the year.

Liquidity Risk

The Company's main risk exposure currently, is to liquidity risk from its operating activities. The Company actively monitors current cash flow requirements and forecasts future cash flows in order to maintain adequate levels of liquidity, which ensures there are sufficient funds available to maintain its operations. The Directors consider current cash balances to be sufficient to meet cash requirements.

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 has cash held at bank and customer deposits held at bank of £30,677,784 (2020: £3,846,001) as of 31 December 2021. These amounts are held with banks in interest bearing accounts. The Company's strategy primarily attempts to preserve capital and meet liquidity requirements without significantly increasing risk. A change in bank interest rates would primarily impact interest income recorded in the statement of comprehensive income. In a stress tested scenario of a 100 basis points increase or decrease in interest rates, there would be no material impact on the Company's financial results.

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. As a result, changes in exchange rates may affect the Company's future operating results upon translation. The Company's main foreign currency exposure is to U.S. dollars, primarily due to transactions with U.S. dollar functional currency group companies. These transactions primarily relate to centrally managed credit card programs and centrally billed marketing costs. At this time, the Company does not enter into derivatives or other financial instruments in order to hedge or manage its foreign exchange risk. In a stress tested scenario of a 10% increase or decrease in exchange rates, there would be no material impact on the Company's financial results.

Credit risk

The Company's cash held at bank and customer deposits held at bank of £30,677,784 (2020: £3,846,001) as of 31 December 2021 are potentially subject to credit risk. Cash held at banks is placed with financial institutions which are of high credit quality. As of 31 December 2021, the Company has not experienced losses on its cash held at bank and believes the Company is not exposed to significant risk on such accounts.

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Notes to the Financial Statements (Continued)

Amounts owed by group companies make up a substantial portion of the balance sheet, however the Company has not experienced any losses or issues in terms of the repayment of these balances. They are paid on a quarterly basis within the 90-day terms per the relevant agreements and as such the Company believes it is not exposed to significant risk on these balances.

16. RELATED PARTY DISCLOSURES

The Company is a directly wholly owned subsidiary of Gemini Intergalactic, LLC and an indirectly wholly owned subsidiary of Gemini Space Station LLC, both of which are limited liability companies registered and headquartered in the United States of America.

The Company introduces customers to Gemini Intergalactic UK, Ltd, which allows the customers to use their e-money to buy crypto currencies offered on the Gemini crypto currency exchange. In exchange for these services the Company receives a service fee based on the Company earning a profit margin in excess of the costs incurred by the Company in providing these services. During the year these fees totaled £6,111,914 (2020: £1,609,055). As at 31 December 2021, the balance outstanding in relation to these fees totaled £2,042,709 (2020: £1,609,055).

The Company has entered into an intra-group outsourcing agreement also with Gemini Intergalactic UK, Ltd, whereby the Company agrees to provide staffing services including, but not limited to, management, finance, tax and compliance. The fee is based on a percentage of the Company employees' time spent providing these services to Gemini Intergalactic UK, Ltd. Fees received under this agreement for the year ended 31 December 2021 totaled £255,000 (2020: £212,500). As at 31 December 2021 the balance outstanding in relation to these fees totaled £ nil. (2020: £212,500)

The Company has entered into a services agreement with Gemini Trust Company, LLC, an affiliate of the Company within the Gemini Group, whereby Gemini Trust Company, LLC agrees to provide certain services including, but not limited to, compliance, facilities, corporate development, customer support, sales, financial operations, accounting, technology, product management, marketing and communications, security, risk management and internal audit. The fee is based on a set fee schedule agreed annually. Costs incurred under this agreement for the year ended 31 December 2021 totaled £180,167 (2020: £329,000) and are reported in administrative expenses on the statement of comprehensive income. During the year the Company also availed of short-term funding from Gemini Trust Company, LLC in relation to its operating costs totaling £1,661,253 (2020: £1,623,378), which was interest-free. As of 31 December 2021, the Company has a net balance due to Gemini Trust Company of £2,481,978 (2020: £1,826,865), which includes both short term funding repayable as well as fees due under the service agreement.

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Notes to the Financial Statements (Continued)

17. EVENTS AFTER THE REPORTING PERIOD

Decline in crypto markets

Since the beginning of 2022 there has been a pronounced decline in the crypto market with both lower crypto asset prices and increased volatility. This decline in conjunction with broader current macroeconomic conditions such as increasing interest rates and inflation, has resulted in lower trading volumes and revenues for both the Company and the Gemini Group.

As a result, the Gemini Group has taken steps to ensure that the Company, and the Gemini Group, continue as a going concern throughout this period. Forecasts have been recalculated based on current market conditions, vendor relationships have been reevaluated to reduce non-essential costs, whilst staff costs have been cut through reductions in headcount in both June 2022 and January 2023. Gemini Group's management views these decisions to refocused spending plans as essential to ensure the company continues to be profitable even at reduced revenue levels. The workforce supporting the UK operations was affected by this reduction.

Whilst this will impact the Company's 2022 results, it is not expected to materially impact the Company's business operations or profitability.

Gemini Earn

Neither Gemini Payments UK, Ltd nor Gemini Intergalactic UK, Ltd offered the Earn program to their customers. Rather, the Earn program was previously made available to Gemini Trust Company, LLC's customers through Genesis Global Capital, LLC (Genesis). On 16 November 2022, Genesis halted withdrawals due to liquidity issues in the wake of the FTX / Alameda collapse. Since then, Gemini Trust Company, LLC, acting as agent on behalf of Earn users, has been working to help find a resolution for its affected customers, and on 6 February 2023 an agreement was reached in principle with Genesis, its parent company, Digital Currency Group, Inc., and certain other creditors on a plan that provides a path for Earn users to recover their assets. Gemini Trust Company, LLC will be contributing up to \$100 million for Earn users as part of the plan, further demonstrating Gemini Trust Company, LLC's continued commitment to helping Earn users achieve a full recovery.

Ukrainian conflict

The geopolitical situation on Eastern Europe has intensified since February 2022, with Russia's invasion of Ukraine. This has further exacerbated ongoing economic challenges including supply-chain disruption and economic sanctions. The Company has considered its direct and indirect exposures to the conflict and determined there were no material impacts to the Company's financial statements for the year ended 31 December 2021.

GEMINI PAYMENTS UK, LTD (REGISTERED NUMBER: 11497305)

Notes to the Financial Statements (Continued)

Transfer of customers between Gemini entities

In 2022, a number of non-UK based customer accounts were identified and transitioned to Gemini Payments Europe Limited, an Irish based Gemini Group company. As Gemini Payments Europe Limited, assumed both the customer's deposits and corresponding liability, no consideration accompanied the transfer.

The Company has performed an evaluation of events after the reporting period through the date the financial statements were issued. There were no additional material subsequent events, other than those disclosed above, that occurred between the Balance Sheet date and the date of signing of the financial statements, affecting the Company, which require adjustment to or disclosure in the financial statements.