



Mazars House, Rialto Road  
Grand Moorings Precinct  
Century City, 7441  
PO Box 134, Century City 7446  
DoceX 9 Century City

Tel: +27 21 818 5000  
Fax: +27 21 818 5001  
Email: [cpt@mazars.co.za](mailto:cpt@mazars.co.za)  
[www.mazars.co.za](http://www.mazars.co.za)

15 February 2022

The Directors of Luno Pte. Ltd. Incorporated in Singapore  
8 Shenton Way, 10-01 UIC Building  
Singapore  
068808

Dear Sirs

### **LUNO PTE. LTD. INCORPORATED IN SINGAPORE (“LUNO”) – PROOF OF RESERVE (“POR”) REPORT**

Our report is solely for the purposes of offering LUNO’s customers and prospective customers additional transparency and reassurance that their cryptocurrency holdings are collateralized, exist on the blockchain(s) and under the control of LUNO. For the purpose of this agreed-upon procedures (“AUP”) engagement the term “collateralized” will be defined as where LUNO’s cryptocurrency holdings are equal to or greater than the liability of cryptocurrencies owed to customers.

LUNO has requested that we perform an AUP engagement on the customers’ cryptocurrency holdings and corresponding liability of funds owed to the customers of LUNO as at 23:59:59 Universal Time Coordinate (“UTC”) on 31 December 2021 (“quarter end”). The directors of LUNO acknowledge that the AUP are appropriate for the purpose of the engagement and are responsible for the subject matter on which the AUP are performed.

We have conducted the AUP engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An AUP engagement involves us performing the procedures that have been agreed with LUNO, and report the findings, which are the factual results of the AUP performed. We make no representation regarding the appropriateness of the AUP.

This AUP engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

We have complied with the relevant ethical requirements. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

Our firm applies International Standard on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## PROCEDURES AND FINDINGS

We have performed the procedures described below, which were agreed upon with LUNO on the POR report.

	Procedure	Findings
1	Obtain from management the <i>Asset Balance Reports</i> for BTC, ETH, LTC, BCH, XRP and USDC at quarter end that lists and quantifies the nominal balance of all customers' cryptocurrencies held by LUNO.	We obtained from management the <i>Asset Balance Reports</i> for BTC, ETH, LTC, BCH, XRP and USDC at quarter end that lists and quantifies the nominal balance of all customers' cryptocurrencies held by LUNO.
2	Reconcile the <i>Asset Balance Reports</i> to the total of the Self-Custodied, Third-Party Custodied and Loaned Cryptocurrencies and document any variances greater than 1% in aggregate.	We reconciled the <i>Asset Balance Reports</i> to the total of the Self-Custodied, Third-Party Custodied and Loaned Cryptocurrencies without any variances greater than 1% in aggregate.
3	Obtain from management the <i>Customer Liability Report</i> at quarter end that lists and quantifies the nominal balance of all cryptocurrencies owed by LUNO to its customers.	We obtained from management the <i>Customer Liability Report</i> at quarter end that lists and quantifies the nominal balance of all cryptocurrencies owed by LUNO to its customers.
<b><u>Self-Custodied Cryptocurrencies</u></b>		
4	Obtain from management a full listing of all self-custodied public key addresses that constitutes the nominal balances included in the <i>Asset Balance Reports</i> referred to in procedure 1 at quarter end.	We obtained from management a full listing <sup>1</sup> of all self-custodied public key addresses that constitutes the nominal balances included in the <i>Asset Balance Reports</i> referred to in procedure 1 at quarter end.
5	On a sample basis, covering at least 90% <sup>2</sup> of the total population of the self-custodied cryptocurrencies, obtain the nominal balance of each sampled public key address from their respective blockchain(s) using independent blockchain harvesting and aggregation tools.	On a sample basis we obtained the nominal balance of each sampled public key address from their respective blockchain(s) using independent blockchain harvesting and aggregation tools. The sampled public key addresses constituted 96% of the total population.
6	Reconcile the nominal balance of each sampled public key address as per the listing provided in procedure 4, to the nominal balance obtained directly from the respective blockchain(s) in procedure 5 and document any variances greater than 1% in aggregate.	We reconciled the nominal balance of each sampled public key address as per the listing provided in procedure 4, to the nominal balance obtained directly from the respective blockchain(s) in procedure 5 without any variances greater than 1% in aggregate.

<sup>1</sup> The listing showed the nominal value of cryptocurrencies held by each public key address.

<sup>2</sup> The self-custodied cryptocurrencies will be tested on a sample basis due to the UTXO principals that apply to cryptocurrencies such as BTC, BCH and LTC.

7	<p>For each of the sampled public key addresses, perform a combination of either;</p> <ul style="list-style-type: none"> <li>- Cryptographic message signing;</li> <li>- Linking extended public key address(es) with the sampled public key addresses through the derivation path;</li> <li>- Confirmation from co-signatory custodian;</li> <li>- Instructed movement of funds; or</li> <li>- Independent fund movements.<sup>3</sup></li> </ul> <p>Which demonstrates that LUNO has ownership over the private key(s) associated with the sampled public key address and controls the funds held in the public key address.</p>	<p>For each of the sampled public key addresses, we performed a combination of either;</p> <ul style="list-style-type: none"> <li>- Cryptographic message signing;</li> <li>- Linking extended public key addresses with the sampled public key addresses through the derivation path;</li> <li>- Confirmation from co-signatory custodian;</li> <li>- Instructed movement of funds; or</li> <li>- Independent fund movements.</li> </ul> <p>Which demonstrates that LUNO has ownership over the private key(s) associated with the sampled public key address and controls the funds held in the public key address.</p>
<b>Third-party Custodied Cryptocurrencies</b>		
8	<p>Obtain from management a full listing of all third-party custodied wallets that constitutes the nominal balances included in the <i>Asset Balance Reports</i> referred to in procedure 1 at quarter end.</p>	<p>We obtained from management a full listing of all third-party custodied wallets that constitutes the nominal balances included in the <i>Asset Balance Reports</i> referred to in procedure 1 at quarter end.</p>
9	<p>Obtain a confirmation from the third-party custodian, which includes the nominal balance per wallet and cryptocurrency at quarter end, that the custodied wallets are under the control of LUNO and that LUNO is the beneficial owner of these wallets.</p>	<p>We obtain a confirmation from the third-party custodian, which includes the nominal balance per wallet and cryptocurrency at quarter end, that the custodied wallets are under the control of LUNO and that LUNO is the beneficial owner of these wallets.</p>
10	<p>Reconcile the nominal balance of the wallets as per the listing provided in procedure 8, to the nominal balance as per the third-party confirmation and document any variances greater than 1% in aggregate.</p>	<p>We reconciled the nominal balance of the wallets as per the listing provided in procedure 8, to the nominal balance as per the third-party confirmation without any variances greater than 1% in aggregate.</p>
<b>Loaned Cryptocurrencies</b>		
11	<p>Obtain from management a full listing of all loaned cryptocurrencies that constitutes the nominal balances included in the <i>Asset Balance Reports</i> referred to in procedure 1 at quarter end.</p>	<p>We obtained from management a full listing of all loaned cryptocurrencies that constitutes the nominal balances included in the <i>Asset Balance Reports</i> referred to in procedure 1 at quarter end.</p>
12	<p>Obtain a statement from the lending partner<sup>4</sup>, which includes the nominal balance of cryptocurrencies owed to LUNO at quarter end, which indicates that LUNO is the beneficial owner of these loaned cryptocurrencies.</p>	<p>We obtained a statement from the lending partner, which includes the nominal balance of cryptocurrency owed to LUNO at quarter end, which indicates that LUNO is the beneficial owner of these loaned cryptocurrencies.</p>

<sup>3</sup> Reliance will be obtained from the previous AUP report where self-custodied public key addresses were tested as part of the sample in the previous AUP and again in the current AUP. Any new self-custody addresses will be subjected to the listed procedures which demonstrates ownership.

<sup>4</sup> <https://www.luno.com/en/legal/savings-wallet>

13	Reconcile the nominal balance of the cryptocurrencies per the listing provided in procedure 11 to the nominal balance as per the lending partner's statement and document any variances greater than 1% in aggregate.	We reconciled the nominal balance of the cryptocurrencies per the listing provided in procedure 11 to the nominal balance as per the lending partner's statement without any variances greater than 1% in aggregate.
<b><u>Collateralized</u></b>		
14	Aggregate the nominal value of the <i>Asset Balance Reports</i> , which was reconciled to the Self-Custodied, Third-party Custodied and Loaned Cryptocurrencies listed in procedure 2, and compare these aggregated balances to the <i>Customer Liability Report</i> . Conclude whether the nominal value of all cryptocurrencies as per the <i>Asset Balance Reports</i> are equal to or greater than the liability of funds owed to the customers as per the <i>Customer Liability Report</i> and therefore meets the definition of being collateralized.	We aggregated the nominal value of the <i>Asset Balance Reports</i> , which was reconciled to the Self-Custodied, Third-party Custodied and Loaned Cryptocurrency listed in procedure 2, and compared these aggregated balances to the <i>Customer Liability Report</i> . We can confirm that the nominal value of all cryptocurrencies as per the <i>Asset Balance Reports</i> are equal to or greater than the liability of funds owed to the customers as per the <i>Customer Liability Report</i> and therefore meets the definition of being collateralized.



**MAZARS**  
 Partner: Wiehann Olivier  
 15 February 2022  
 Cape Town  
 South Africa