

Registered number:
12407639

ZODIA HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



ZODIA HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Torry Berntsen (resigned 30 June 2021) Maxime Benoit Pierre De Guillebon (resigned 30 June 2021) Alexandre Lucien Manson Adam Popat Manoj Bhaskar (appointed 29 June 2021) Michael Gorriz (appointed 29 June 2021, resigned 31 December 2021)
Company secretary	TMF Corporate Administration Services Limited (resigned 7 January 2022) Ryan Genis (appointed 7 January 2022)
Registered number	12407639
Registered office	Thomas House 84 Eccleston Square London SW1V 1PX
Independent auditors	Ernst & Young LLP 25 Churchill Place London E14 5EY

ZODIA HOLDINGS LIMITED

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ZODIA HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the financial statements for Zodia Holdings Limited (the "Company") for the year ended 31 December 2021. The Company does not prepare a Strategic Report as it has taken advantage of the exemption for small companies under Companies Act 2006 Section 414B. The Directors have elected to prepare these financial statements under FRS 101.

Principal activity

The Company was incorporated on 16 January 2020 in England and Wales under the Companies Act 2006, with number 12407639.

The Company is ultimately a wholly owned subsidiary of Standard Chartered PLC.

The Company's main purpose is that of a holding company for its subsidiaries. It also holds the intellectual property for the technology infrastructure required for the custody of crypto assets.

Operational Update

The Company incorporated a new arm to its group by way of Zodia Markets Holdings Limited. This Company is majority owned and is intended to serve as the trading arm of the group. It has applied for approval with the Financial Conduct Authority ("FCA") and Central Bank of Ireland ("CBI"). At the signing of these accounts approval was still outstanding.

Directors

The Directors who served during the year were:

Torry Berntsen (resigned 30 June 2021)

Maxime Benoit Pierre De Guillebon (resigned 30 June 2021)

Alexandre Lucien Manson

Adam Popat

Manoj Bhaskar (appointed 29 June 2021)

Michael Gorriz (appointed 29 June 2021, resigned 31 December 2021)

ZODIA HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of Directors' responsibilities in respect of the financial statements

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 International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless that they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Qualifying third party indemnity provisions

The Company purchased and throughout the period maintained appropriate insurance cover in respect of directors' and officers' liabilities.

Going concern

On 11 March 2020, the World Health Organisation characterised COVID-19 as a pandemic. Whilst the UK has almost reverted to life before the pandemic, we continue to monitor the situation. The Directors consider the Company has adequate resources to continue development and operationalisation of the business for the foreseeable future and therefore continue to adopt the going concern basis in preparing the Financial Statements.

ZODIA HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Sanctions

The Company has considered the current events in Ukraine and taken a number of measures to ensure we remove our sanctions exposure, these consist of:

- Daily screening of our clients including their Directors and shareholders
- Screening of each transaction's counterparties names and blockchain wallet addresses against sanctions lists
- Immediate updated of publications by government agencies onto our systems
- Adding Ukraine, Belarus and Russia to our list of block IP geolocations

We are continuing to regularly review our approach to ensure we are in line with the latest guidance from US OFAC and UK FCA/OFSI.

Risk management

The risk management objectives of the Company are to:

- Implement a robust risk management framework commensurate with Zodia's size, operations and opportunities
- Independently overseeing and challenging the implementation of the risk management framework
- Curtailing business if Zodia Custody's risk profile is not in line with approved risk appetite, specifically with respect to:
 - Potential or existing clients
 - Potential or existing partners / Virtual Asset service Providers (VASPs)
 - Potential new or existing crypto assets under custody
- Ensuring operational controls effectively manage residual risk to an acceptable level.

Results and dividends

The results of the Company are set out from pages 7 to 9. The Directors do not recommend the payment of a dividend.

The loss for the year, after taxation, amounted to \$12,471,148 (2020 - loss \$37,585).

The Directors do not recommend the payment of a dividend.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report and Financial Statements confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that ought to have been 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.

Auditors

Ernst & Young LLP were appointed as the Company's independent auditors in this period.

A resolution to re-appoint Ernst & Young as independent auditors will be put forward.

By order of the board



Adam Popat

Director

Company registration number - 12407639

Date: 15th July 2022

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ZODIA HOLDINGS LIMITED

Opinion

We have audited the financial statements of Zodia Holdings Limited for the year ended 31 December 2021 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related Notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. 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 FRC's Ethical Standard and the provisions available for small entities, in the circumstances set out in note 2.2 to the financial statements, 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 twelve months to 14 July 2023 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

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

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ZODIA HOLDINGS LIMITED

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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.

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ZODIA HOLDINGS LIMITED

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the Companies Act 2006, the reporting framework including FRS 101 and applicable laws and regulations.
- We understood how Zodia Holdings Limited is complying with those frameworks by making enquiries of Management, and those responsible for legal and compliance matters. We also performed a review of regulatory correspondences and review of Board Committee meetings held.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by obtaining an understanding of the company's policies and procedures on fraud risks.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of executive management and review of correspondence with regulators.

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

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.



Amarjit Singh (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
15 July 2022

ZODIA HOLDINGS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	31 December 2021 \$	<i>Period Ended 31 December 2020 \$</i>
Administrative expenses	(12,471,148)	(37,585)
Operating loss	(12,471,148)	(37,585)
Tax on loss	-	-
Loss for the financial year	(12,471,148)	(37,585)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Currency translation differences	(5,339)	13,014
	(5,339)	13,014
Total comprehensive income for the year/period	(12,476,487)	(24,571)

The notes on pages 10 to 20 form part of these financial statements.

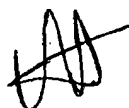
ZODIA HOLDINGS LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Note	2021 \$	2020 \$
Fixed assets			
Tangible assets	7	510,557	-
Investments	8	24,907,000	3,000,000
		<u>25,417,557</u>	<u>3,000,000</u>
Current assets			
Debtors: amounts falling due within one year	9	92,077	565
Cash at bank and in hand	10	945,807	2,000,000
		<u>1,037,884</u>	<u>2,000,565</u>
Creditors: amounts falling due within one year	11	(49,500)	(25,136)
Net current assets		<u>988,384</u>	<u>1,975,429</u>
Total assets less current liabilities		<u>26,405,941</u>	<u>4,975,429</u>
Net assets		<u>26,405,941</u>	<u>4,975,429</u>
Capital and reserves			
Called up share capital	12	38,909,767	5,002,768
Treasury shares reserve	13	(2,768)	(2,768)
Profit and loss account	13	(12,501,058)	(24,571)
		<u>26,405,941</u>	<u>4,975,429</u>

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15th July 2022.



Adam Popat
Director

Date: 15th July 2022

The notes on pages 10 to 20 form part of these financial statements.

ZODIA HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Treasury shares reserve	Profit and loss account	Total equity
	\$	\$	\$	\$
Comprehensive income at 31 December 2020				
Loss as 31 December 2020	-	-	(37,585)	(37,585)
Currency translation differences	-	-	13,014	13,014
Other comprehensive income at 31 December 2020	-	-	13,014	13,014
Total comprehensive income as 31 December 2020	-	-	(24,571)	(24,571)
Purchase of own shares	-	(2,768)	-	(2,768)
Shares issued during the period	5,002,768	-	-	5,002,768
Total transactions with owners at 31 December 2020	5,002,768	(2,768)	-	5,000,000
At 1 January 2021	5,002,768	(2,768)	(24,571)	4,975,429
Comprehensive income for the year				
Loss for the year	-	-	(12,471,148)	(12,471,148)
Currency translation differences	-	-	(5,339)	(5,339)
Total comprehensive income for the year	-	-	(12,476,487)	(12,476,487)
Shares issued during the year	33,906,999	-	-	33,906,999
Total transactions with owners	33,906,999	-	-	33,906,999
At 31 December 2021	38,909,767	(2,768)	(12,501,058)	26,405,941

The notes on pages 10 to 20 form part of these financial statements.

ZODIA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies

1. General information

Zodia Holdings Limited is a private company limited by shares and is incorporated in England. Its registered head office is located at Thomas House, 84 Eccleston Square, London, United Kingdom, SW1V 1PX.

The Company's principal activity during the period was that of a holding company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The financial statements have been rounded to the nearest dollar (USD \$).

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 Going concern

On 11 March 2020, the World Health Organisation characterised COVID-19 as a pandemic. The response to the new coronavirus from the various governments around the world have been changing on an almost daily basis. The Directors consider the Company has adequate resources to continue development and operationalisation of the business for the foreseeable future and therefore continue to adopt the going concern basis in preparing the Financial Statements.

ZODIA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Basis of consolidation

The Company is a wholly owned subsidiary of Standard Chartered UK Holdings Limited and of its ultimate parent Standard Chartered PLC. It is included in the consolidated financial statements of Standard Chartered PLC, which are publicly available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The address of the ultimate parent is 1 Basinghall Avenue, London, EC2V 5DD.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

Transactions and balances

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

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

Foreign exchange gains and losses 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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.6 Employee Benefit Trust

The Company has established an employee benefit trust ("EBT") and is the sponsoring entity, notwithstanding the legal duties of the trustees, the Company considers that it has 'de facto' control of the EBT. Such arrangements are accounted for as assets and liabilities of the sponsoring Company and included in the financial statements as appropriate. The Company's equity instruments held by the EBT are accounted for as if they were the Company's own equity and are treated as treasury shares. No gain or loss is recognised in profit or loss or other comprehensive income of the purchase, sale or cancellation of the Company's equity held by the EBT.

2.7 Taxation

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.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

ZODIA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

Taxation (continued)

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.8 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Computer equipment	- 5 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.9 Valuation of investments

Investment in subsidiary undertakings are stated at cost less impairment and dividends. Impairment arises if net asset value of a subsidiary undertaking is less than its carrying amount. Subsidiaries are all entities, which the Company controls. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

2.10 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

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

ZODIA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.12 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

ZODIA HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Carrying value of investments

The Directors of the Company assessed whether or not the Group has control over its investments based on whether the Group has the practical ability to direct the relevant activities of its investments unilaterally. In making their judgement, the Directors considered the Group's absolute size of holding in its investments and the relative size of and dispersion of the shareholdings owned by the other shareholders. After assessment, the Directors concluded that the Group has a majority voting interest to significantly influence the relevant activities of its investments and therefore the Group has control over its investments.

Treatment of IP costs

The Company entered into an Asset Purchase Agreement on 25 January 2021, to acquire IP and tangible assets developed and held by SCB UK and SG as well transfer obligations under existing third party service contracts.

The consideration payable for the Assets Transfer was valued at US\$13,000,000.

Intangible assets valued at \$12,382,000 were written off to profit and loss on this date.

4. Auditor's remuneration

	<i>Period Ended 31 December 2021 \$</i>	<i>31 December 2020 \$</i>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>28,539</u>	<u>9,623</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

5. Employees

The Company has no employees other than the Directors, who did not receive any remuneration (2020 - \$Nil).

ZODIA HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. Taxation

	31 December 2021 \$	<i>Period Ended 31 December 2020 \$</i>
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

Factors affecting tax charge for the year/period

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

	31 December 2021 \$	<i>Period Ended 31 December 2020 \$</i>
Loss on ordinary activities before tax	<u>(12,471,148)</u>	<u>(37,585)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	<u>(2,369,518)</u>	<u>(7,141)</u>
Effects of:		
Expenses not deductible	1,108	2,055
Unrecognised deferred tax on loss	2,368,410	5,086
Total tax charge for the year/period	<u>-</u>	<u>-</u>

ZODIA HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. Taxation (continued)

Factors that may affect future tax charges

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). The Government made a number of budget announcements on 3 March 2021. These include confirming that the rate of corporation tax will increase to 25% from 1 April 2023. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

The Company has unused tax losses of \$12,452,909 (2020: \$26,767). No deferred tax asset has been recognised due to current uncertainty regarding the timing of elimination of the losses.

7. Tangible fixed assets

	Computer equipment \$
Cost or valuation	
Additions	528,297
At 31 December 2021	<u>528,297</u>
Depreciation	
Charge for the year on owned assets	17,740
At 31 December 2021	<u>17,740</u>
Net book value	
At 31 December 2021	<u><u>510,557</u></u>
At 31 December 2020	<u><u>-</u></u>

ZODIA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

8. Fixed asset investments

	Investments in subsidiary companies \$
Cost or valuation	
At 1 January 2021	3,000,000
Additions	21,907,000
At 31 December 2021	24,907,000
Net book value	
At 31 December 2021	24,907,000

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Zodia Custody Limited	Thomas House, 84 Eccleston Square, London, SW1V 1PX	Ordinary	89%
* Zodia Custody Ireland Limited	3rd Floor, Kilmore House Park Lane, Spencer Dock, Dublin, D01 XN99	Ordinary	89%
Zodia Markets Holdings Limited	1 Basinghall Avenue, London, EC2V 5DD	Ordinary	75.01%
* Zodia Markets UK Limited	1 Basinghall Avenue, London, EC2V 5DD	Ordinary	75.01%
* Zodia Markets Ireland Limited	32 Molesworth Street, Dublin, DO2 Y512	Ordinary	75.01%

* indicates that shareholding is held indirectly.

Further investments were made in the subsidiaries after the balance sheet date. Details can be found in note 15.

ZODIA HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Fixed asset investments (continued)

Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 31 December 2021 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves \$'000	Loss for the year \$'000
Zodia Custody Limited	9,164	(12,254)
* Zodia Custody Ireland Limited	(148)	(148)
Zodia Markets Holdings Limited	9,950	(2,601)
* Zodia Markets UK Limited	(19)	(19)
* Zodia Markets Ireland Limited	(27)	(27)

9. Debtors

	2021 \$	2020 \$
Other debtors	<u>92,077</u>	<u>565</u>

10. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank and in hand	<u>945,807</u>	<u>2,000,000</u>

11. Creditors: Amounts falling due within one year

	2021 \$	2020 \$
Trade creditors	-	3,390
Amounts owed to group undertakings	16,049	-
Accruals and deferred income	33,451	21,746
	<u>49,500</u>	<u>25,136</u>

Amounts owed to group undertakings are repayable on demand and do not carry any interest charge.

ZODIA HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Share capital

	2021 \$	2020 \$
Authorised, allotted, called up and fully paid		
38,906,999 (2020 - 5,000,000) Ordinary A shares of \$1.00 each	38,906,999	5,000,000
276,750 (2020 - 276,750) Ordinary B shares of \$0.01 each	2,768	2,768
	<u>38,909,767</u>	<u>5,002,768</u>

The Company was incorporated with an Ordinary 'A' Share issued at par.

13,000,000 Ordinary 'A' Shares were issued on 26 January 2021 at par.

2,000,000 Ordinary 'A' Shares were issued on 6 May 2021 at par.

10,749,999 Ordinary 'A' Shares were issued on 28 May 2021 at par.

1,000,000 Ordinary 'A' Shares were issued on 5 August 2021 at par.

6,000,000 Ordinary 'A' Shares were issued on 12 August 2021 at par.

1,157,000 Ordinary 'A' Shares were issued on 18 September 2021 at par.

Ordinary 'A' Shares have full voting, dividend and capital distribution rights attached to them. They do not confer any rights on redemption.

Ordinary 'B' Shares rank pari passu in all respects with an Ordinary 'A' Share except that they have no associated voting rights.

13. Reserves

Profit and loss account

Profit and loss account represents the cumulative net profits and losses of the Company.

Treasury Share reserve

The treasury share reserve consists of shares held by the Company's Employee Benefit Trust.

At 31 December 2021 276,750(2020: 276,750) Ordinary 'B' Shares were held by the EBT.

14. Related party transactions

The Company is exempt under FRS 101 from disclosing any transactions or balances with other wholly owned members of the Group headed by Standard Chartered Plc, whose consolidated financial statements are publicly available at Companies House.

ZODIA HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Post balance sheet events

On 19 May 2022, the immediate holding company has paid for 14,240,000 voting ordinary A shares at USD\$1 per share in the capital of the Company.

On 11 July 2022, the immediate holding company has paid for 10,750,000 voting ordinary A shares at USD\$1 per share in the capital of the Company.

On 11 July 2022 the company subscribed for 7,501 US\$1.00 Ordinary Shares in Zodia Markets Holdings Limited at a subscription price of \$10,750,000.

16. Controlling party

The Company is an immediate subsidiary undertaking of Standard Chartered UK Holdings Limited, a company incorporated in England. The smallest group in which the results of the Company are consolidated is that headed by Standard Chartered Bank, a company incorporated in England with limited liability by Royal Charter. The ultimate holding company is Standard Chartered PLC registered in England and Wales.

The largest group in which the results of the Company are consolidated is that headed by Standard Chartered PLC. The consolidated Financial Statements of this company are available to the public and may be obtained from the Company Secretary at 1 Basinghall Avenue, London EC2V 5DD.