

Cirdan Capital Management Ltd

(Registration Number 08853583)

**Annual Report and Consolidated Financial Statements
for the year ended 31 December 2023**

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Index

	Page
General Information	2 - 5
Strategic Report	6 - 8
Directors' Report	9 - 11
Directors' Responsibilities and Approval	12
Independent Auditor's Report	13 - 17
Statements of Profit or Loss and Other Comprehensive Income	18
Statements of Financial Position	19 - 20
Statements of Changes in Equity - Group	21
Statements of Changes in Equity - Company	22
Statements of Cash Flows	23 - 24
Accounting Policies	25 - 39
Notes to the Consolidated and Separate Annual Financial Statements	40 - 77

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

General Information

Country of Incorporation and Domicile	United Kingdom
Registration Number	08853583
Directors	A. M. de Negri D. Davolio R. Sivanithy (Appointed 24 July 2023) Ken Yengibaryan (Appointed 15 April 2024) (Resigned 18 September 2024) P. F. Stevens (Resigned 31 March 2024) L. Calcagni (Appointed 15 April 2024) (Resigned 27 December 2023) M. Oprandi (Resigned 15 April 2024) R. Infante (Resigned 17 March 2023)
Shareholder	Cirdan International Inc
Registered Office	3rd Floor 54 Baker Street London United Kingdom W1U 7BU
Bankers	Barclays Bank PLC 1 Churchill Place London, E14 5HP United Kingdom BFF Bank S.p.A Via Domenichino 5 Milan 20149 Italy Banca Finnat Palazzo Altieri, Piazza del Gesu, Rome Italy Interactive Brokers LLC One Pickwick Plaza Greenwich, CT06830 United States Goldman Sachs International Peterborough Court 133 Fleet Street London, EC4A 2BB United Kingdom

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

General Information continued...

Bankers (CONTINUED)

Banca5 S.p.A
Office Milano 65
PO Box 14284 - 20146
Milano
Italy

Penta Fintech GmbH
Warschauer Platz 11-13
Berlin
10245
Deutschland

European Depositary Bank S.A.
3, Rue Gabriel Lippmann
L-5365 Munsbach
Luxembourg

Euroclear Bank SA / NV
1 Boulevard du Roi Albert II
B-1210 Brussels,
Belgium

Morgan Stanley Liquidity Funds
European Bank and Business Centre
6B route de Treves
L-2633
Senningerberg
Luxembourg

Railsbank
1 Snowden St,
London
EC2A 2DQ
United Kingdom

SmartBank S.p.A
Via Calabritto,
20-80121, Napoli
Italy

Qonto
18 rue de Navarin,
75009, Paris
France

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

General Information continued...

Registrar	Carmelo Benenti Torlo 22 Via Mezz'Oncia Borgo Lavezzaro Novara 28071 Italy
Listing Agent	Arthur Cox Listing Services Limited Ten Earlsfort Terrace Dublin 2, D02 T380 Ireland
Principal Paying Agent, Exchange Agent and Transfer Agent	Citibank N.A., London Branch (up to 7 January 2022) 33 Canada Square Canary Wharf London, E14 5LB United Kingdom BFF Bank S.p.A (from 7 January 2022) Via Domenichino 5 Milan 20149 Italy
Custodian	Goldman Sachs International Peterborough Court 133 Fleet Street London, EC4A 2BB United Kingdom BFF Bank S.p.A Via Domenichino 5 Milan 20149 Italy
Derivatives' Broker	Interactive Brokers LLC One Pickwick Plaza Greenwich, CT06830 United States
Derivative Counterparty	Goldman Sachs International Peterborough Court 133 Fleet Street London, EC4A 2BB United Kingdom J.P. Morgan Securities PLC 25 Bank Street, Canary Wharf London, E14 5JP United Kingdom

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

General Information continued...

Derivative Counterparty (CONTINUED)

Credit Suisse
1 Cabot Square
London
United Kingdom

Citigroup Global Markets Limited
Citigroup Centre,
Canada Square,
Canary Wharf, London
E14 5LB
United Kingdom

Morgan Stanley
25 Cabot Square
Canary Wharf, London,
E14 4QA
United Kingdom

China International Capital Corporation Limited
28th Floor, China World Office 2,
No.1 Jianguomenwai Avenue
Beijing 100004
P.R. China

Subsidiaries

SmartETN PLC
SmartCrypto ETP GmbH

Auditors

Forvis Mazars
Chartered Accountants and Statutory Audit Firm
Harcourt Centre Block 3
Harcourt Road
Dublin 2
Ireland

Solicitors

DWF LLP (Italian Branch)
Via dei Bossi 6,
20121, Milan
Italy

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Strategic Report

The directors present their strategic report for the year ended 31 December 2023.

The Group is an independent financial boutique specialised in issuing structured products, providing asset securitisation services and investment technology solutions. Our teams of global industry experts focus on creating infinitely flexible, high quality financial solutions for our evolved clients with the highest level of commitment and care.

The Group has undertaken certain restructuring activities, both in the year under review and the period preceding. For the period ending 31 December 2022, an ultimate holding entity was incorporated, Cirdan Group S.p.A, which is domiciled in Italy. For the year ending 31 December 2023, a new holding company was incorporated, Cirdan International Inc., domiciled in the USA. which had acquired Cirdan Capital Management Ltd and its subsidiaries.

Cirdan International Inc. is the holding company of Cirdan Capital Management Ltd and its wholly owned subsidiaries, SmartCrypto ETP GmbH and SmartETN PLC.

SmartETN PLC; an Irish domiciled certificate issuance vehicle. SmartETN PLC's base prospectus is approved by the Central Bank of Ireland and accordingly is eligible to list products on public exchanges such as the Frankfurt exchange, Vienna stock exchange or the EuroTLX stock exchange.

SmartCrypto ETP GmbH; a German domiciled entity, and the base prospectus was approved by the German Regulator, BAFIN, as of 2nd September 2022, however, during the financial year there was no trading activity.

Furthermore, it was decided to change the financial year end of the Company as part of the corporate restructuring, aligning the reporting date with the wider Group - with the new year end being December, changed from January. This is reflected with the first, shortened reporting period of 11 months ended 31 December 2022.

For the asset securitisation services, the Group performs the role of the arranger and calculation agent to two Luxembourg domiciled vehicles, Aldburg S.A. and Aldburg Public S.A.. Both vehicles are authorised to issue notes, certificates and warrants to professional clients (Aldburg S.A.) and retail investors (Aldburg Public S.A.), tailoring the products to the exact needs required.

Business Review

During the financial year the Group faced significant revenue challenges in many of its core business lines - the issuance of structured products and development of asset securitised services. The Group was able to leverage its diverse revenue base to partly offset these revenue pressures. In addition, the Group invested in its infrastructure and control functions in anticipation of future growth. As an auxiliary service, the distribution and administration of 3rd party structured products has seen some growth during the year as the revenue mix changed. The gross revenue for the different business lines can be summarised as per below:

	Financial year ended 31 December 2023	Financial period ended 31 December 2022
	£	£
Asset securitisation	5,236,142	7,801,674
Distribution and administration services	3,890,725	3,833,531
Wealth management	426,105	840,799
Structured product issuance	-	438,216
	9,552,972	12,914,220

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Strategic Report

"Distribution and administration services" are once off, non-recurring in nature of the service and the Group has taken a strategic approach to offer this auxiliary service. The core focus of the Group is on the "Structured product issuance", through our subsidiary, SmartETN PLC and "Asset securitisation service", for which Cirdan Capital Management Ltd is the arranger and calculation agent to two Luxembourg based securitisation vehicle, Aldburg S.A. and Aldburg Public S.A..

For the financial year ended 31 December 2023 the Group had issued 213 new certificates (11 months ended Dec 2022: 136), with the accumulated number of certificates issued since incorporation being 560 (11 months ended Dec 2022: 347) from SmartETN PLC. The Group was the arranger to Aldburg S.A. of 17 issuance (11 months ended Dec 2022: 13), with the accumulated number of certificates issued since the inception of the arranger agreement being 93 (11 months ended Dec 2022:76).

In addition, the Group was the arranger to Aldburg Public S.A. of 5 issuance (11 months ended Dec 2022: 9), with the accumulated number of certificates issued since the inception of the arranger agreement being 17 (11 months ended Dec 2022:12).

Principal risks and uncertainties

The Group takes a prudent, structured approach to risk management. The Group is required to maintain a risk management policy, which is reviewed at least annually. As an FCA regulated firm, Cirdan Capital Management Ltd is required to maintain a minimum capital adequacy level, after considering and addressing potential risks deemed applicable to our business. The Group's financial risks that it is exposed to and the financial risk management policies to mitigate them are set out in note 32.

The Group has addressed each of these risks and continue to monitor and review any additional risk, and taken the following steps to mitigate many of the identified risks:

General macro-economic environment:

The Group operates in a highly complex, competitive market that is sensitive to external market factors. In the current uncertainty, brought about by possible recessions in the major economic sectors, the impact of the current interest rate environment and the instability brought about by the current geopolitical uncertainty. Both in terms of invasions or the sheer number of national elections across the globe. This naturally leaves the asset management and investment sector as a whole finding the balance between risk and reward extremely challenging. It is proving more and more difficult to convince investors to part with their capital, irrespective of the potential performance.

It is worth noting, the nature of structured products are that they become more attractive when there is an amount of market variance and change - rather than a static, sideways market. In addition, the market for asset securitisation is indifferent to market instability, as it operates outside of the traditional markets. The Group is conscious of all the potential risks however, and continuously monitor the performance of the products and adherence to all the internal corporate governance and value for money tests.

Risk Management:

The Company is the hedging arranger to the issuance program of SmartETN PLC and manages the risk by hedging the certificates with exact and opposite performing derivatives. The characteristics of the hedge asset and certificate liability are directly related. This is a key function of operations to ensure that the "outflows of funds" are accurately matched with a corresponding asset and thus, enabling SmartETN PLC to remain in a solvent and liquid position, at all times.

The Company guarantees any potential capital shortfall on contractual payments to a maximum of 10% invested, as per the base prospectus of SmartETN PLC and all available documentation regarding the certificates. This risk is monitored on a daily basis, to ensure that any potential variance can be addressed immediately. There were no instances of the Company being required to meet a "guarantee call" within the reporting period.

The principal risk that is managed by the Company is the continued ability of SmartETN PLC to honour the contractually agreed coupons and capital redemption obligations of all the certificates issued - as the Company is the Guarantor to the issuance program.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Strategic Report

Financial key performance indicators - Group

	Financial year ended 31 December 2023	Financial period ended 31 December 2022
	£	£
Fee Income	9,552,972	12,914,220
Net gain on financial assets at fair value through profit or loss	16,205,745	1,433,794
Net (loss) / gain on financial liabilities at fair value through profit or loss	(311,895)	44,032,942
Net gain / (loss) on derivative financial instruments at fair value through profit or loss	21,504,775	(15,866,557)
Net gain on financial liabilities at amortised cost	110,591	805,889
Net gain / (loss) on financial assets at amortised cost	1,841,357	(397,406)
Total investment assets	69,352,396	103,001,706
Value of certificates issued	182,813,955	185,368,793
Number of certificates issued during the year - SmartETN PLC	213	136
Net profit before tax as a percentage	10%	16%

The Group continues to encourage diversification, mitigating concentration risk of single large clients, geographical locations or specific industries. With a strategic view taken on the software and FinTech opportunities, the Group has benefited from the scalability of the internally generated software development and implementation. Despite significant commercial pressures in many of the core businesses, the Group was still able to generate substantial revenues.

Other key performance indicators

The Group continues to invest in the development of software alternatives, to allow us to better service the clients' needs, continuously encourage the staff to undertake training and participate in a collaborative, shared knowledge working experience.

Future developments

The Group will continue to focus on the issuance of structured products via SmartETN PLC and asset securitisation services as the arranger and calculation agent to Aldburg S.A. and Aldburg Public S.A..

Promoting the success of the Group

Section 172 of the Companies Act 2006 requires the directors to take into consideration the interest of stakeholders in their decision-making and this statement should be read in conjunction with the Strategic report in its entirety. The directors continue to have regard to the interests of the Groups' employees and other stakeholders including the impact of its activity on the community, the financial system, and general society, when making decisions. The directors act in good faith and fairly between the Group's employees and consider the steps that are most likely to promote the success of the Group in the long term, for its employees. The Directors continue to strive to maintain the Group's reputation for high standards of business conduct.

On behalf of the directors

DocuSigned by:

 80644CD833FF492...
 A. de Negri

30/9/2024 | 09:24:05 PDT

Date

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Directors' Report

The directors present their report for the year ended 31 December 2023.

The directors present their report and the audited Annual Report and Consolidated Financial Statements of the Group and Company for the year ended 31 December 2023.

1. Principal activity

The principle activity of the Group in the year under review was that of acting as an investment boutique, offering the issuance of structured products, providing asset securitisation services and quantitative solutions through the use of FinTech.

Within this activity, the Group acquires a portfolio of financial instruments financed by the issuance of listed debt obligations (the "Certificates") to investors (the "Certificates Holders"). The certificates issued are either listed on the Frankfurt exchange, the Vienna stock exchange or the EuroTLX stock exchange. Refer to note 18 for the detail of the certificates in issuance at the date of the financial statements. The net proceeds from each issuance of certain certificates are used to enter into offsetting financial transactions and derivatives in such a way as to hedge the exposure of the Group to future promised returns of the certificates issued to the minimum extent required.

In addition, the Group also maintains an investment portfolio using the proceeds from certain certificates issued to generate excess returns over the contractual obligations for the benefit of the Group. The investment portfolio of financial assets includes but is not limited to common stocks, equity stock indices, mutual funds stocks, money market funds, stock warrants, debt instruments, derivatives and unlisted investments. The investment portfolio of financial liabilities of the Group includes but is not limited to short traded stocks, equity stock indices, mutual funds stocks and stock warrants. The Group has also entered into exchange-traded commodity futures, options and over-the-counter contracts for differences, futures, equity linked swaps, warrants, forwards, credit derivatives and interest rate options (the "derivative financial instruments") for hedging and investment purposes. During the financial year under review, certificates may have been cancelled or redeemed. Cancelled refers to Certificates that were fully bought back and subsequently marked down. A redemption would be an event, whereby a Certificate has either matured, or been autocalled.

There are two types of Certificates issued by the Group:

Index linked Certificate

An index linked certificate is a structured product whereby the performance of the certificate is directly linked to the performance of an underlying index. The index could be a fixed composition of underlying assets, or, may have a fluid composition, which is managed (Actively Managed Certificate) within a pre-set investment mandate based on a proprietary methodology ("Index rules"). The investment objective is to achieve an increase in capital value.

Coupon paying Certificate

A coupon paying certificate is a structured product with a pre-set coupon payoff, payable conditionally on the performance of the underlying assets. The assets are a fixed selection, as set out at issuance, with observation dates pre-defined to observe the value at a given time. Depending on the performance of the underlying assets against the thresholds defined in the issue terms of the certificate, there may be a coupon payable to the certificate holder. At maturity the investor will receive the notional amount if the performance of the underlying assets is above the pre-determined thresholds, otherwise the investor will incur a loss.

The Group hedges its exposures on its certificates and has entered into hedging agreements with Goldman Sachs International ("GSI"), J.P. Morgan Securities plc, Credit Suisse International, Citigroup Global Markets Limited and Morgan Stanley. Interactive Brokers Ltd and its affiliate Interactive Brokers LLC are a brokers of the Group for derivative and non-derivative financial instruments.

During the financial year, the Group had a paying agent service agreements with BFF Bank S.p.A.. In the prior financial period, BFF Bank S.p.A was appointed in January 2022, and were preceded by Citibank N.A., London Branch, who were terminated in January 2022.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Directors' Report continued...

Certain certificates' return, in respect of any interest payable and / or redemption amount, may be linked to the performance of a reference item such as one or more indices or one or more shares or depositary receipts. The satisfaction of the economic obligations in respect of the certificates is unconditionally and irrevocably guaranteed by the Group. The obligations of the Group under its guarantee will be direct, unconditional and unsecured obligations of the Group and will rank pari passu with all other unsecured and unsubordinated obligations of the Group. A certificate holder does not have rights to ownership in the reference item(s).

The value of such certificates that are linked to the performance of a reference item will move in accordance with the value of that underlying reference item. If the reference item value on the redemption valuation date is below 100%, the loss will be equal to that of a direct investment in the reference item on the redemption valuation date, subject to a minimum redemption amount of 10%, of the specified denomination of the certificate. The minimum redemption amount of 10% is guaranteed by the Group.

2. Going concern

The Group's financial statements for the financial year ended 31 December 2023 have been prepared on a going concern basis. The directors anticipate that the financial assets will continue to generate enough cash flow on an ongoing basis to meet the Group liabilities as they fall due. The Group's exposure to liability from its Certificates issues is hedged by entering into equal and opposite asset exposure, which will protect the Group against any capital and market risk, as per Note 32 of these financial statements.

At the date of signing the financial statements, the Group has certificates in issue with a fair value of £23,322,503, of which £7,177,625 is expected to expire in the next 12 months, and a further £5,102,257 in the subsequent 12 months. In order to meet these expected outflows that Company has cash and other financial assets that are readily convertible to cash in excess of £37,278,861. Any early redemptions are at the sole discretion of the Group.

Following the events as mentioned above and the events as disclosed in the subsequent events note, Note 35, the directors acknowledge that there is a material uncertainty related to the going concern and will continue to monitor the situation closely. The long-term strategy of the company is to find strategic partners, who will provide additional financial resources and new commercial opportunities. The Group has diversified revenue streams, in addition to the structured product issuance business. The activity related to the "asset securitisation, distribution and administrative services" will continue with business as usual, and the Group have forecast that there is sufficient revenue to cover the foreseeable operating cost of the business for the next 12 - 36 months. The directors monitor the current activity against a proposed forecast model, with a 12 - 36 months horizon, setting out key metrics to monitor the business and the ability to continue as a going concern.

3. Subsequent events

In December 2023, the Bank of Italy placed into administration SmartBank S.p.A, an independent company that had close associations with the Cirdan Group S.p.A, including SmartETN PLC.

In 2024, following the aforementioned event, market speculation resulted in the Group facing unprecedented demand to redeem its certificates early. Although there was no requirement to meet these demands, the Group met every request with a total of £114,814,119 of early redemptions made up to 20 September 2024. In the same period there were no new subscriptions, and SmartETN PLC was delisted from Borsa Italiana on 27 March 2024.

To revive confidence in the business the directors have sought new partners to provide additional financial resources and renewed access to the Italian markets, with expectations of executing a transaction within the 3rd quarter of 2024.

The directors confirm that subsequent to the reporting period, L. Calcagni and K. Yengibaryan have been appointed as Directors of the company, as of 15 April 2024. In addition, P. Stevens, M. Oprandi and K. Yengibaryan had resigned as Directors of the company, as of 31 March 2024, 15 April 2024 and 18 September 2024 respectively.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Directors' Report continued...

4. Research and development

The Group has undertaken research and development activities during the year under review. This is related to the software intangible assets disclosed in note 6 of these financial statements. The Group will continue to incorporate various financial technology functionality into the day to day activity.

5. Directors' interest

Antonio de Negri holds the controlling interest in Cirdan International Inc, the ultimate controlling entity of the Group.

6. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the Company during the year under review.

7. Dividends

Dividends of £5,112,244.82 were declared and paid to the shareholder at the time, Cirdan Group S.p.A, during the year ending 31 December 2023. (Dec 2022: £Nil). Cirdan Group S.p.A was no longer a shareholder as at 31 December 2023, and the new parent was Cirdan International Inc.

8. Directors

The directors of the Company during the year and up to the date of this report are as follows:

A. M. de Negri

D. Davolio

R. Sivanithy (Appointed 24 July 2023)

Ken Yengibaryan (Appointed 15 April 2024) (Resigned 18 September 2024)

P. F. Stevens (Resigned 31 March 2024)

L. Calcagni (Appointed 15 April 2024) (Resigned 27 December 2023)

M. Oprandi (Resigned 15 April 2024)

R. Infante (Resigned 17 March 2023)

9. Shareholder

There have been changes in ownership during the current financial year. Cirdan International Inc. acquired the Group from Cirdan Group S.p.A. during December 2023.

The shareholder and its interest at the end of the year is:

	Holding:
Cirdan International Inc	100%

10. Financial risk management

The disclosures in relation to the Group's policies for financial risk management, including market risk, interest rate risk, price risk, foreign exchange risk, credit risk and liquidity risk and the nature of the instruments used during the financial period to mitigate exposure to these risks are shown in Note 32.

11. Independent Auditors

The auditors, Forvis Mazars have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

Approved by the directors on 30/9/2024 | 09:24:05 PDT and signed on its behalf by:

DocuSigned by:

Antonio De Negri

60644CD833FF492...

A. de Negri

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Directors' Responsibilities and Approval

The directors are required by the Companies Act 2006 to maintain adequate accounting records and are responsible for the content and integrity of the annual report and consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the annual report and consolidated financial statements satisfy the financial reporting standards with regards to form and content and present fairly the consolidated and separate statement of financial position, results of operations and business of the Group, and explain the transactions and financial position of the business of the Group at the end of the financial year. The annual report and consolidated financial statements are based upon appropriate accounting policies consistently applied throughout the Group and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all office bearers are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual report and consolidated financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the Group will not be a going concern in the foreseeable future. The annual report and consolidated financial statements support the viability of the Group.

The annual report and consolidated financial statements have been audited by the independent auditing firm, Forvis Mazars, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholder, the directors and committees of the directors. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 13 to 17.

The annual report and consolidated financial statements set out on page 18 to 77 which have been prepared on the going concern basis, were approved by the directors and were signed on 30/9/2024 | 09:24:05 PDT on their behalf by:

DocuSigned by:

Antonio De Negri

60644CD833FF492...

A. de Negri

Independent auditor's report to the members of Cirdan Capital Management Ltd.

Opinion

We have audited the financial statements of Cirdan Capital Management Ltd (the 'Parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise of Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Parent company Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Parent company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Parent company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Parent company Statement of Cash Flows, and notes to the financial statements, including a summary of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the UK, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent company's affairs as at and of the group's and the parent company's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the UK; 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. We are independent of the group and the parent 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 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.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which outlines the basis of preparation of these financial statements on a going concern basis.

Our evaluation of the director's assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- An assessment of the reasonableness of management's going concern assessment including discussions/enquires with management and review of the financial performance and financial position of the Group and Parent Company at the year-end date for indicators of any going concern uncertainties.
- Review of post period activity and post period financial information; and

- Evaluation on the sufficiency of disclosures in the financial statements pertaining to the going concern assessment.

As noted in note 35 to the financial statements, there has been a substantial amount of post period redemptions of certificates in issue, the Group and Parent Company has been delisted from Borsa Italiana, there has been no new subscription, and the Group and Parent Company is seeking to identify new partners to provide additional financial resources. In evaluating all of the above, we have concluded that these indicate that a material uncertainty exists that may cast a significant doubt to the Group and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Emphasis of matter

We draw attention to note 35 of the financial statements, which describes the subsequent events that have transpired from the date of the financial statements until the financial statements are approved for issue.

Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Directors' Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 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 there is a material 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and Parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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 the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Group and the Parent company and their industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and the Parent company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.



Michael Tuohy

for and on behalf of Forvis Mazars
Chartered Accountants and Statutory Auditor
Harcourt Centre, Clock 3
Harcourt Road
Dublin 2
Ireland
Date: 30 September 2024

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Statements of Profit or Loss and Other Comprehensive Income

Figures in £	Notes	Consolidated 12 month period ended 31 December 2023	Consolidated 11 month period ended 31 December 2022	Parent 12 month period ended 31 December 2023	Parent 11 month period ended 31 December 2022
Fee Income	21	9,552,972	12,914,220	43,268,223	36,817,732
Net gain on financial assets at fair value through profit or loss	22	16,205,745	1,433,794	26,475	26,172
Net (loss) / gain on financial liabilities at fair value through profit or loss	23	(311,895)	44,032,942	-	-
Net gain / (loss) on derivative financial instruments at fair value through profit or loss	24	21,504,775	(15,866,557)	-	-
Net gain on financial liabilities at amortised cost	25	110,591	805,889	-	-
Net gain / (loss) on financial assets at amortised cost	26	1,841,357	(397,406)	-	-
Fee Expense	27	(27,741,143)	(22,776,507)	(27,847,275)	(22,973,408)
Gross profit		21,162,402	20,146,375	15,447,423	13,870,496
Administrative expenses	28	(4,849,164)	(1,841,877)	(2,988,787)	(1,389,015)
Depreciation of fixed assets	28	(56,105)	(48,737)	(56,105)	(48,737)
Amortisation of intangible assets	28	(899,021)	(221,096)	(899,021)	(221,096)
Staff cost	28	(6,557,497)	(5,678,529)	(6,557,497)	(5,678,529)
Provision: Expected Credit Loss	28	(263,136)	-	-	-
Profit from operating activities		8,537,479	12,356,136	4,946,013	6,533,119
Finance income	29	14,732,868	4,595,574	121,394	43,377
Finance costs	30	(18,240,273)	(10,236,857)	(91,070)	(8,700)
Profit before tax		5,030,074	6,714,853	4,976,337	6,567,796
Income tax expense	31	(748,474)	(1,158,399)	(686,637)	(1,158,399)
Profit for the year		4,281,600	5,556,454	4,289,700	5,409,397
Other comprehensive income					
Net (loss) on financial assets through other comprehensive income		(380,036)	-	-	-
Profit and other comprehensive income for the year		3,901,564	5,556,454	4,289,700	5,409,397

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Statements of Financial Position

Figures in £	Notes	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
Assets					
Non-current assets					
Property, plant and equipment	5	153,356	180,418	153,356	180,418
Intangible assets	6	4,150,948	2,012,501	4,150,948	2,012,501
Right-of-use assets	7	388,358	536,152	388,358	536,152
Investment in subsidiaries	8	-	-	43,524	43,524
Financial assets at fair value through profit or loss	9	22,204,949	30,181,962	-	-
Financial assets at amortised cost	10	45,896,969	72,819,744	-	-
Financial assets through other comprehensive income	11	1,250,478	-	-	-
Derivative financial assets	12	2,441,979	31,802,324	-	25,184,134
Total non-current assets		76,487,037	137,533,101	4,736,186	27,956,729
Current assets					
Trade and other receivables	13	85,115,207	125,613,052	14,516,004	12,906,100
Reverse repurchase agreements	14	-	36,089,182	-	-
Derivative financial assets	12	3,901,396	2,071,586	-	-
Cash and cash equivalents	15	110,212,836	62,364,136	737,537	8,450,000
Total current assets		199,229,439	226,137,956	15,253,541	21,356,100
Total assets		275,716,476	363,671,057	19,989,727	49,312,829
Equity and liabilities					
Equity					
Called up share capital	16	1	1	1	1
Retained earnings		13,774,282	14,604,927	13,795,538	14,618,085
Translation reserve		(339,455)	(14,458)	-	-
Capital redemption reserve		419,762	419,762	419,762	419,762
Total equity		13,854,590	15,010,232	14,215,301	15,037,848
Liabilities					
Non-current liabilities					
Deferred tax liabilities	17	825,752	286,603	763,915	286,603
Certificates issued at fair value through profit or loss	18	140,396,717	160,078,652	-	-
Derivative financial liabilities	12	60,575,350	102,880,954	-	26,551,681
Lease liabilities	7	442,521	618,535	442,521	618,535
Total non-current liabilities		202,240,340	263,864,744	1,206,436	27,456,819

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Statements of Financial Position continued...

Figures in £	Notes	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
Current liabilities					
Trade and other payables	19	11,420,265	20,470,228	4,408,726	5,903,223
Current tax liabilities		159,264	914,939	159,264	914,939
Certificates issued at amortised cost	18	-	16,646,108	-	-
Certificates issued at fair value through profit or loss	18	42,417,238	8,644,033	-	-
Derivative financial liabilities	12	5,624,779	8,015,766	-	-
Repurchase agreements	20	-	30,105,007	-	-
Total current liabilities		59,621,546	84,796,081	4,567,990	6,818,162
Total liabilities		261,861,886	348,660,825	5,774,426	34,274,981
Total equity and liabilities		275,716,476	363,671,057	19,989,727	49,312,829

Approved by the directors on 30/9/2024 | 09:24:05 PDT and signed on its behalf by:

DocuSigned by:

Antonio De Negri

80644CD833FF492...

A.de Negri

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Statements of Changes in Equity - Group

Figures in £	Called up share capital	Financial asset through OCI	Translation reserve	Capital redemption reserve	Retained earnings	
Balance at 1 February 2022	1	-	(14,458)	419,762	9,048,472	9,453,777
Changes in equity						
Profit for the period	-	-	-	-	5,556,455	5,556,455
Total comprehensive income for the year	-	-	-	-	5,556,455	5,556,455
Unaudited Balance at 31 December 2022	1	-	(14,458)	419,762	14,604,927	15,010,232
Balance at 1 January 2023	1	-	(14,458)	419,762	14,604,927	15,010,232
Changes in equity						
Profit for the year	-	-	-	-	4,281,600	4,281,600
Other comprehensive income	-	(380,036)	-	-	-	(380,036)
Total comprehensive income for the year	-	(380,036)	-	-	4,281,600	3,901,564
Dividends recognised as distributions to shareholder	-	-	-	-	(5,112,245)	(5,112,245)
Foreign currency translation	-	-	55,039	-	-	55,039
Audited Balance at 31 December 2023	1	(380,036)	40,581	419,762	13,774,282	13,854,590

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Statements of Changes in Equity - Company

Figures in £	Called up share capital	Capital redemption reserve	Retained earnings	Total
Balance at 1 February 2022	1	419,762	9,208,688	9,628,451
Changes in equity				
Profit for the period	-	-	5,409,397	5,409,397
Total comprehensive income	-	-	5,409,397	5,409,397
Audited Balance at 31 December 2022	1	419,762	14,618,085	15,037,848
Balance at 1 January 2023	1	419,762	14,618,085	15,037,848
Changes in equity				
Profit for the year	-	-	4,289,699	4,289,699
Total comprehensive income	-	-	4,289,699	4,289,699
Dividends recognised as distributions to shareholder	-	-	(5,112,245)	(5,112,245)
Audited Balance at 31 December 2023	1	419,762	13,795,539	14,215,302

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Statements of Cash Flows

Figures in £	Notes	Consolidated 12 month period ended 31 December 2023	Consolidated 11 month period ended 31 December 2022	Parent 12 month period ended 31 December 2023	Parent 11 month period ended 31 December 2022
Cash flows from / (used in) operations					
Profit for the year		4,281,600	5,556,455	4,289,699	5,409,397
Adjustments to reconcile profit					
Adjustments for income tax expense	31	748,474	1,158,399	686,637	1,158,399
Adjustments for finance income	29	(14,732,868)	(4,595,575)	(121,394)	(43,377)
Adjustments for finance costs	30	18,240,273	10,236,857	91,070	8,700
Provision: Expected Credit Loss		263,136	-	-	-
Net (gain) on financial assets at fair value through profit or loss		(16,205,745)	(1,433,794)	-	-
Net loss / (gain) on financial liabilities at fair value through profit or loss		311,895	(44,032,942)	-	-
Net (gain) on financial liabilities at amortised cost		(110,591)	(805,889)	-	-
Net (gain) / loss on financial assets at amortised cost		(1,841,357)	397,406	-	-
Adjustments for decrease / (increase) in trade accounts receivable		40,497,848	(40,802,630)	(1,609,904)	(7,053,886)
Adjustments for (decrease) / increase in trade accounts payable		(9,049,961)	8,110,990	(1,494,497)	527,564
Adjustments for depreciation	5	56,105	48,738	56,105	48,738
Adjustments for amortisation expense	6	899,020	221,096	899,020	221,096
Total adjustments to reconcile profit		19,076,229	(71,497,344)	(1,492,963)	(5,132,766)
Interest on financial assets at FVTPL	29	44,622	2,484,476	-	-
Interest on financial assets at amortised cost	29	14,688,246	1,476,959	121,394	43,377
Interest on certificates issued at FVTPL	30	(14,872,430)	(9,172,323)	-	-
Interest on certificates issued at amortised cost	30	(251,756)	(430,395)	-	-
Interest on financial liabilities at amortised cost	30	(3,116,087)	-	(91,070)	(8,700)
Income taxes paid	31	(965,000)	(1,632,490)	(965,000)	-
Net cash flows from / (used in) operating activities		18,885,424	(73,214,662)	1,862,060	311,308
Cash flows from / (used in) investing activities					
Acquisition of property, plant and equipment	5	(29,044)	(29,330)	(29,044)	(29,330)
Acquisition of intangible assets	6	(3,037,467)	(1,102,490)	(3,037,467)	(1,102,490)
Purchase of other financial assets		-	-	(1,367,547)	1,367,547

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Statements of Cash Flows continued...

Figures in £	Notes	Consolidated 12 month period ended 31 December 2023	Consolidated 11 month period ended 31 December 2022	Parent 12 month period ended 31 December 2023	Parent 11 month period ended 31 December 2022
Acquisition of financial assets at FVTPL		(755,796,849)	(189,402,543)	-	-
Disposal of financial assets at FVTPL		777,125,637	196,738,868	-	-
Acquisition of financial assets at OCI		(1,250,479)	-	-	-
Disposal of financial assets at OCI		-	-	-	-
Acquisition of financial assets at amortised cost		(522,926,517)	(59,229,573)	-	-
Proceeds from financial assets at amortised cost		549,132,388	14,643,974	-	-
Acquisition of reverse repurchase agreements		-	(36,089,182)	-	-
Disposal of reverse repurchase agreements		36,089,182	-	-	-
Acquisition of repurchase agreements		-	30,105,007	-	-
Disposal of repurchase agreements		(30,105,007)	-	-	-
Net realised gain on derivatives financial instruments		(17,166,055)	49,338,106	-	-
Cash flows from / (used in) investing activities		32,035,789	4,972,837	(4,434,058)	235,727
Cash flows (used in) / from financing activities					
Increase in right-of-use asset	7	147,794	135,470	147,794	135,470
Issue of certificates at FVTPL		210,618,224	160,475,499	-	-
Redemption of certificates at FVTPL		(193,437,050)	(53,718,462)	-	-
Issue of certificate at amortised cost		-	7,839,503	-	-
Redemption of certificate at amortised cost		(16,200,100)	(22,139,951)	-	-
Repayment of lease liabilities		(176,014)	(131,379)	(176,014)	(131,379)
Dividends paid		(5,112,245)	-	(5,112,245)	-
Cash flows (used in) / from financing activities		(4,159,391)	92,460,680	(5,140,465)	4,091
Net increase / (decrease) in cash and cash equivalents before effect of exchange rate changes		46,761,822	24,218,855	(7,712,463)	551,126
Effect of exchange rate changes on cash and cash equivalents		1,086,878	(2,001,440)	-	-
Net increase / (decrease) in cash and cash equivalents		47,848,700	22,217,415	(7,712,463)	551,126
Cash and cash equivalents at beginning of the year	15	62,364,136	40,146,721	8,450,000	7,898,874
Cash and cash equivalents at end of the year	15	110,212,836	62,364,136	737,537	8,450,000

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Accounting Policies

1. General information

Cirdan International Inc. is the ultimate parent of the Group, which consists of Cirdan Capital Management Ltd and the 100% subsidiaries; SmartETN PLC and SmartCrypto ETP GmbH. Cirdan Capital Management Ltd is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the General Information page.

SmartETN PLC is a special purpose company with limited liability and qualifies for the regime contained in the section 110 of the Irish Taxes Consolidation Act. The registration number is 615140 and a registered address of 31-32 Leeson Street Lower, Dublin 2, Ireland.

SmartCrypto ETP GmbH is a private company, limited by shares, registered in Germany. The registration number is HRB 123295, with registered address Alfred-Herrhausen-Allee 3-5, 65760, Eschborn.

The investment objective of the Group is two-fold: firstly it is to maintain the investment portfolio in such a way as to hedge the exposure of the Group to the future returns promised on certain certificates issued to the minimum extent required. Secondly, the Group maintains proprietary trading positions to maximise returns for the Group and to hedge exposure of certain certificates. The objective of the treasury investment portfolio is to achieve consistent, short to medium term returns while safeguarding capital by investing in a diversified portfolio of equity securities, interest bearing securities, money market funds and related derivatives in several currencies and markets.

2. Basis of preparation and material accounting policy information

The annual report and consolidated financial statements of Cirdan Capital Management Ltd have been prepared in accordance with International Financial Reporting Standards and the Companies Act 2006. The annual report and consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities which are measured at fair value.

The consolidated financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest pound sterling.

The principal accounting policies applied in the preparation of these annual report and consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Consolidation

The Group's financial statements consolidate those of the parent Company and its subsidiary, as at 31 December 2023. The Group has a reporting date of 31 December 2023. Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Inter-Company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Investments in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group has two subsidiaries, with the details listed in Note 8.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Accounting Policies continued...

Basis of preparation and material accounting policy information continued...

The Group determines at each reporting date whether there is any objective evidence that the investment in the subsidiary is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value and recognises the amount adjacent to share of profit/(loss) of subsidiary in the statements of profit or loss and other comprehensive income. As at 31 December 2023, no impairment was applied to any of the subsidiaries of the Group.

2.2 Property, plant and equipment

Initial measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost.

The cost of an item of property, plant and equipment includes:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs 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.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Depreciation

Depreciation of an asset commences when it is available for use, and ceases at the earlier of the date that the asset is classified as held for sale, or the date that the asset is derecognised.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. The depreciable amount of an asset shall be allocated on a systematic basis over its useful life. The depreciable amount of an asset is determined after deducting its residual value.

Residual values, useful lives and depreciation methods are reviewed at each financial year end. Where there are significant changes in the expected pattern of economic consumption of the benefits embodied in the asset, the relevant changes will be made to the residual values and depreciation rates, and the change will be accounted for as a change in accounting estimate.

The measurement base, useful life or depreciation rate as well as the depreciation method for all major classes of assets are as follows:

	Useful life / depreciation	
	rate	Depreciation method
Leasehold improvements	20%	Straight line
Office equipment	25%	Reducing balance
Computer equipment	25%	Reducing balance

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised when the asset is disposed of or when when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Gains are classified as other gains on the face of the statements of profit or loss and other comprehensive income.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Accounting Policies continued...

Basis of preparation and material accounting policy information continued...

2.3 Intangible assets

Recognition

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

An assessment of the probability of expected future economic benefits that will flow to the entity as a result of the use of an asset is made by management before the asset is recognised. This includes using reasonable and supportive assumptions that represent a best estimate of the set of economic conditions that will exist over the useful life of the asset.

Initial measurement

Intangible assets are initially measured at cost.

Separately acquired assets are initially measured at their purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and any directly attributable cost of preparing the asset for its intended use.

Internally generated intangible assets are recognised initially at cost, being the sum of expenditure from the date the recognition criteria for an intangible asset are met, bearing in mind the following additional criteria:

- During the research phase, no intangible asset is recognised. Expenditure on research is recognised as an expense when it is incurred.
- During the development phase, an intangible asset will be recognised only if the following can be demonstrated:
 - it is technically feasible to complete the intangible asset so that it will be available for use or sale;
 - there is an intention to complete the intangible asset and use or sell it;
 - there is an ability to use or sell the intangible asset;
 - it is possible to demonstrate how the asset will generate probable future economic benefits;
 - there are available financial, technical and other resources to complete the development of the intangible asset as well as to use or sell the intangible asset;
 - the expenditure attributable to the intangible asset during the development phase can be reliably measured.

Research or development expenditure related to an in-process research or development project acquired separately or in a business combination and recognised as an intangible asset and is incurred after the acquisition of that project is also accounted for in this way.

Subsequent measurement - Cost model

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

Amortisation

An intangible asset is regarded by the entity as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Intangible assets with an indefinite useful life are not amortised, but is tested for impairment annually and whenever there is an indication that the intangible asset may be impaired. The intangible asset's determination as having an indefinite useful life is also reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment. Reassessing the useful life of an intangible asset as finite rather than indefinite is an indicator that the asset may be impaired.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Accounting Policies continued...

Basis of preparation and material accounting policy information continued...

The classification of useful lives and amortisation methods for the various classes of assets are as follows:

			Useful life / amortisation rate	Amortisation method
Intangible assets under development	Internally generated	Finite	20%	Straight line

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of intangible assets is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same asset in which case the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Where the estimated impairment loss exceeds the carrying amount of the asset to which it relates, the resulting liability is only recognised if required by another standard.

Retirements and disposals

An asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal is recognised in profit or loss.

2.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The financial instruments held by the Group include the following:

- Cash and Cash equivalents
- Debt investments at amortised cost and at FVTPL
- Long / short equity investments
- Derivative financial instruments
- Repurchase agreements
- Certificates issued at FVTPL and amortised cost
- Trade and other payables
- Trade and other receivables
- Unsettled trades
- Reverse repurchase agreements

Classification and recognition

Classification of a financial instrument, or its component parts takes place on initial recognition. Each instrument is classified as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

Financial assets classification

The Group classifies financial assets into the following categories:

- Financial assets subsequently measured at fair value through profit or loss
- Financial assets subsequently measured at fair value through other comprehensive income (OCI)
- Financial assets subsequently measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Accounting Policies continued...

Basis of preparation and material accounting policy information continued...

The company reclassifies debt investments when and only when its business model for managing those assets changes.

Financial liabilities classification

The Group classifies financial liabilities into the following categories:

- Financial liabilities subsequently measured at amortised cost
- Financial liabilities subsequently measured at fair value through profit or loss

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Recognition

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset.

Initial measurement

Financial assets

When a financial asset is recognised initially, it is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial liabilities

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Accounting Policies continued...

Basis of preparation and material accounting policy information continued...

Subsequent measurement

Financial assets

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and cash flow characteristics of the asset. Debt instruments are subsequently measured at:

- Amortised cost: assets held only for collection of principal and interest payments
 - Interest income is included in finance income using the effective interest rate method.
 - Any gain or loss on derecognition is recognised in profit or loss and presented in other gains / (losses) together with foreign exchange gains and losses.
 - Impairment losses are presented as a separate line item in the statement of profit or loss.
 - The company's financial assets at amortised cost includes trade receivables, and loans to associates and directors included under other non-current financial assets.
- Fair value through OCI: assets held only for collection of principal and interest payments and for selling the financial assets
 - Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss.
 - When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses).
 - Interest income from these financial assets is included in finance income using the effective interest rate method.
 - Foreign exchange gains and losses are presented in other gains / (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
 - The company's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.
 - The company elected to classify irrevocably its non-listed equity investments under this category.
- Fair value through profit or loss: assets that do not meet the criteria for amortised cost or fair value through OCI
 - A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains / (losses) in the period in which it arises.
 - The company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in OCI.
 - This category includes derivative instruments and listed equity investments which the company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Equity instruments

All equity investments are subsequently measured at fair value.

- Fair value through OCI: elected to present fair value gains and losses on equity investments in OCI
 - There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.
 - Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.
 - Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.
- Fair value through profit or loss: assets that do not meet the criteria for amortised cost or fair value through OCI
 - Changes in the fair value are recognised in other gains / (losses) in the statement of profit or loss as applicable.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Accounting Policies continued...

Basis of preparation and material accounting policy information continued...

Financial liabilities

- Fair value through profit or loss: financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss
 - Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.
 - This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.
 - Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.
 - Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.
 - Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The company has not designated any financial liability as at fair value through profit or loss.
- Amortised cost: Loans and borrowings
 - After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.
 - Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.
 - Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.
 - The effective interest rate amortisation is included as finance costs in the statement of profit or loss.
 - This category generally applies to interest-bearing loans and borrowings.

The Group measures fair values using the following hierarchy:

- Level 1: Quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The fair value of certain certificates issued by the Group is directly linked to the change in the fair value of the respective underlying reference items as specified in the terms and conditions of each relevant certificate contract. Therefore, the fair value of such certificates are measured by the movement of the fair value of the underlying reference item between the issuance date and at the balance sheet date. The fair value of the underlying reference item is based on quoted market prices observable in an active market or provided by the recognised counterparties to the transactions.

The fair value of certain certificates issued by the Group are not directly linked to the change in the fair value of the respective underlying reference item as specified in the terms and conditions of each relevant certificate contract. Therefore, the fair value of such certificates is valued by internal valuation techniques.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Accounting Policies continued...

Basis of preparation and material accounting policy information continued...

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when it is transferred and the transfer qualifies for derecognition.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Impairment of financial assets

A forward looking allowance for expected credit losses is recognised for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

IFRS 9 establishes a three-stage impairment model, based on whether there has been a significant increase in the credit risk of a financial asset since its initial recognition. Three-stages determine the amount of impairment to be recognised as expected credit losses at each reporting date as well as the amount of interest revenue to be recorded in future periods:

- Stage 1: Credit risk has not increased significantly since initial recognition - recognise 12 months ECL, and recognise interest on a gross basis;
- Stage 2: Credit risk has increased significantly since initial recognition - recognise lifetime ECL, and recognise interest on a gross basis;
- Stage 3: Financial asset is credit impaired - recognise lifetime ECL, and present interest on a net basis (i.e. on the gross carrying amount less credit allowance).

In making this assessment the Group considers a broader range of forward-looking information. Consideration include past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. The outcome is to determine whether there has been a significant increase in the credit risk (SICR), which may lead to an impairment.

For trade receivables and contract assets, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Accounting Policies continued...

Basis of preparation and material accounting policy information continued...

Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment "&"of trade receivables was established when there is objective evidence that the Group would not be able to collect all amounts due according to the original terms of the receivables.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared risk characteristics. The expected credit loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2023 and the historical credit losses experienced within this period.

Margin cash collateral

The Group is required to place collateral with the derivatives' broker and the derivative counterparties covering the open derivative positions. The size of the collateral is derived based on the difference between initial and the subsequent fair value of each derivative financial instrument. The amount recognised as margin cash collateral is treated as a trade and other receivable. The amount disclosed is always the net cash collateral as per the agreed margin position per asset.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently carried at amortised cost.

Trade and other payables

Trade payables are initially measured at fair value plus direct transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets or from the recognised counterparties to the transaction. Derivatives are included as assets when their fair value is positive and liabilities when their fair value is negative, unless there is the legal ability and intention to settle net.

Gains and losses arising from changes in the fair value of derivatives are included in the Statement of Comprehensive Income in the financial period in which they arise. The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises profits on day one.

2.5 Tax

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position.

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

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Accounting Policies continued...

Basis of preparation and material accounting policy information continued...

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future.

2.6 Revenue recognition

Revenue is income arising in the course of an entity's ordinary activities.

Revenue is derived from the business activities of financial services, with the focus on three core business lines: Distribution of externally designed structured products, issuance of internally designed and developed structured products and arranging securitised asset structures.

The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Revenue is measured at the fair value of the consideration received.

2.7 Fee income

Fee income is negotiated for each series individually. The fees may included the following:

Asset securitisation

The asset securitisation fees are negotiated on an issuance by issuance base. There are two types of fees related to the service, upfront fees in relation to the set up and structuring of the issuance, which is recognised upfront in the profit or loss. In addition, there may be an recurring fee that is amortised over the appropriate period for the ongoing administration of the issuance.

Distribution and administration services

The fee income is recognised on conclusion of the transaction, and is related to the brokerage and administration of the sale of 3rd party paper. So this is not products issued by the Group.

Wealth management

Wealth management is related to a legacy service offering of delegated portfolio management, however this was ceased during the financial year under review. This was fee was recognised to the profit or loss as per the contractual terms.

Structured product issuance

The issuance of structured products is the core function of SmartETN PLC, the wholly owned subsidiary. The fee income is recognised upfront, upon the conclusion of the applicable transactions.

2.8 Fee expense

Fee expenses are negotiated for each series individually. The fees may included the following:

Management fees

Management fees are calculated using a fixed percentage based on the level of investment asset held in a certificate, charged on Actively Management Certificates (AMC's) and paid to the Index Advisor.

Performance fees

Performance fees are calculated using a fixed percentage based on the performance of an investment asset held in a certificate, compared to a set watermark, charged on Actively Management Certificates (AMC's).

Structuring fees

Structuring fees are calculated using either a fixed percentage of funds received on a certificate or an agreed amount of fees related to the issuance of a certificate. These would be charged on all structured products, excluding Actively Management Certificates (AMC's).

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Accounting Policies continued...

Basis of preparation and material accounting policy information continued...

Issuance expenses

Expenses related to maintenance and servicing of certificate issuance and asset securitisation.

2.9 Interest income

Interest income on financial assets are accrued as earned and recognised in "finance income" on the Statement of Comprehensive Income.

Included in the interest income line is interest earned by the Group on the following underlying assets:

- Financial assets at fair value through profit or loss
- Financial assets at amortised cost
- Cash and cash equivalents
- Margin receivable
- Interest received on the reverse repurchase agreements

2.10 Interest expense

The Group recognises the interest expense on an accrual basis, as they become due. Certain certificates may have conditional performance criteria and the interest would only become payable if and when an underlying criteria is met. For certificates that have a fixed rate interest expense, the expense is accrued accordingly.

Included in the interest expense line is interest paid by the Group on the following underlying liabilities:

- Financial liabilities at fair value through profit or loss (this includes the interest paid on Certificates at fair value through profit or loss)
- Financial liabilities at amortised cost (this includes the interest paid on Certificates at amortised cost)
- Cash and cash equivalents
- Interest paid on the repurchase agreements

2.11 Pension obligations

The Group operates a defined contribution pension scheme. Contributions payable to the Group's pension scheme are charged to the income statement in the period to which they relate.

2.12 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. The Company applies the Bank of Italy exchange rate, with the year end spot rate applied for the statement of financial position, and the average rate for the statement of comprehensive income.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, within administrative expenses.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Accounting Policies continued...

Critical accounting estimates and judgements continued...

3.1.1 Going concern

At the date of signing the financial statements, the Group has certificates in issue with a fair value of £23,322,503, of which £7,177,625 is expected to expire in the next 12 months, and a further £5,102,257 in the subsequent 12 months. In order to meet these expected outflows that Company has cash and other financial assets that are readily convertible to cash in excess of £37,278,861. Any early redemptions are at the sole discretion of the Group..

Given these facts the directors consider going concern basis for the preparation of accounts is appropriate. Notwithstanding, given the events as disclosed in the subsequent events note, note 35, the long-term strategy of the company is to find strategic partners, who will provide additional financial resources and new commercial opportunities. The directors however do acknowledge that there is a material uncertainty related to the going concern and continue to monitor the situation closely.

The Group has diversified revenue streams, in addition to the structured product issuance business. The activity related to the "asset securitisation, distribution and administration services" will continue with business as usual, and the Group have forecast that there is sufficient revenue to cover the foreseeable operating cost of the business for the next 12 - 36 months. The directors monitor the current activity against a proposed forecast model, with a 12 - 36 month horizon, setting out key metrics to monitor the business and the ability to continue as a going concern.

3.1.2 Key sources of estimation uncertainty

The key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Debt instruments at amortised cost

Debt instruments at amortised cost are investments that are held solely to collect payments, SPPI. In accordance with IFRS 9, the Group applies the expected credit loss methodology to calculate and recognise an impairment provision for debt instruments measured at amortised cost, if any. These transactions consist of investments undertaken by the Group as 'Debt instruments at amortised cost'. The expected credit loss (ECL) is reviewed by applying the expected credit loss methodology.

Financial instruments at fair value

The Group holds financial instruments that are not quoted in active markets, such as the over-the-counter derivatives and debt instruments. Fair values of such instruments are determined by using reputable pricing sources or indicative prices from bond / debt market makers or internal valuation techniques. The Group exercises judgement and estimates on the quantity and quality of the pricing sources used. Further information on these instruments are set out in note 30 Price Risk and the fair value measurement accounting policy below.

The fair value of certain certificates issued by the Group are directly linked to the change in the fair value of the respective underlying reference items as specified in the terms and conditions of each relevant certificate contract. Therefore, the fair value of such certificates are measured by the movement of the fair value of the underlying reference item between the issuance date and at the balance sheet date. The fair value of the underlying reference item is based on quoted market prices observable in an active market or provided by the recognised counterparties to the transactions. Note 9 and note 12 contain further reference and detail to the fair value adjustments related to financial assets and derivatives held by the Group. Note 18 contains further reference and detail to the fair value adjustments related to the issuance of certificates.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Accounting Policies continued...

Critical accounting estimates and judgements continued...

Provision

The Group recognises a provision if, as a result of a past event, the Group has a current liability at the balance sheet date that will probably lead to an outflow of funds (which can include legal and professional fees, staff costs, general & administrative expenses or fee expenses), at the level of which can be reliably estimated. The recognition and release of provisions are dealt with as and when the expense becomes realised. If the possibility of an outflow of resources is remote, neither a provision nor a contingent liability is reported.

Taxes

The Group has made certain estimates and assumptions with regards to the corporation tax provision disclosed, due to the R&D for SME claim. The assumptions are made with a view at presenting a true and fair reflection of the expected tax return, which is only due after the completion and presentation of the financial statements. The R&D for SME tax incentive is completed by KPMG UK, after conclusion of the financial reporting period ending 31 December 2023.

3.2 Critical judgements in applying the entity's accounting policies

3.2.1 Assessment on expenses allocated to the intangible asset

In the process of accounting for the value of staff costs, software costs and auxiliary expenses directly attributable to the software intangible assets, management have made certain judgements with regards to allocations between expenses and intangible assets. The consideration required the review of every applicable expense and determining the accounting recognition. Management have determined that the allocation provides a true and fair reflection of the time spent and resources utilised in the development phase of the software intangible assets.

3.2.2 The Group's leasing activities

The Group leases an office for the full duration of 60 months (starting September 2021). The Group has considered the composition of the contract, and has deemed this to be a lease. Lease terms are negotiated, and do not place any covenants on the Group. The lease is initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable

The lease payments are discounted using the an incremental borrowing rate, being the rate the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Accounting Policies continued...

4. Changes in accounting policies and disclosures

4.1 Standards and Interpretations effective and adopted in the current year

Standard	Interpretations	Impact on the Consolidation	Effective Date
Disclosure of accounting policies - Amendments to IAS 1	Amendments on disclosure of accounting policies provide guidelines to decide which accounting policies have to be disclosed in the financial statements.	The Directors assessed that the adoption of these new amendments had no material impact on the financial statements of the Group in the year under review.	1 January 2023
Amendments on accounting estimates - IAS 8	The amendments explain that an accounting policy is the overall objective and the accounting estimates are inputs used in achieving that objective. Furthermore, the amendments include a definition of accounting estimates and clarify that selecting an estimation technique or valuation technique when an item in the financial statements cannot be measured with precision, constitutes selecting an accounting estimate whereas selecting a cost formula (i.e., first-in, first-out (FIFO) or weighted average cost) in applying IAS 2 constitutes selecting an accounting policy.	The Directors assessed that the adoption of these new amendments had no material impact on the financial statements of the Group in the year under review.	1 January 2023
Deferred tax related to assets and liabilities arising from a single transaction - IAS 12	The amendment creates an exemption from the initial recognition exemption provided in IAS 12, whereby the initial recognition exemption does not apply to transactions in which equal amounts of deductible and temporary differences arise on initial recognition.	The Directors assessed that the adoption of these new amendments had no material impact on the financial statements of the Group in the year under review.	1 January 2023
OECD Pillar two rules - amendment to IAS 12	The OECD Pillar two rules require certain large multinational enterprises to calculate an effective tax rate for each jurisdiction and to pay a top up tax for difference between this effective rate and 15%. The amendments provide for temporary relief from the need to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law implementing these rules.	The Directors assessed that the adoption of these new amendments had no material impact on the financial statements of the Company in the year under review.	1 January 2023

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Accounting Policies continued...

Changes in accounting policies and disclosures continued...

4.2 New standards and interpretations not yet adopted

The Group has not applied the following new, revised or amended pronouncements that have been issued by the IASB as they are not yet effective for the annual financial year beginning 1 January 2023 (the list does not include information about new requirements that affect interim financial reporting or first-time adopters of IFRS since they are not relevant to the Group). The directors anticipate that the new standards, amendments and interpretations will be adopted in the Group's annual report and consolidated financial statements when they become effective. The Group has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods.

Standard	Interpretations	Impact on the Consolidation	Effective Date
Classification of liabilities as Current or Non-current - amendments to IAS 1	<p>The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (eg. the receipt of a waiver or a breach of a covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.</p> <p>The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. Application must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.</p>	The adoption of these amendments is not expected to have a material impact on the Group.	1 January 2024 (deferred from 1 January 2022)
Amendments to IAS 7 and IFRS 7	The amendments require new disclosures around supplier financing arrangements, to enable investors to assess the effects on an entity's liabilities, cash flows and exposure to liquidity risk.	The adoption of these amendments is not expected to have a material impact on the Group.	1 January 2024

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in £

5. Property, plant and equipment

Balances at year end and movements for the year

Reconciliation for the year ended 31 December 2023 - Consolidated & Parent	Leasehold improvements	Office equipment	Computer equipment	Total
Balance at 1 January 2023				
At cost	96,529	77,744	102,614	276,887
Accumulated depreciation	(25,575)	(27,955)	(42,939)	(96,469)
Carrying amount	70,954	49,789	59,675	180,418

Movements for the year ended 31 December 2023

Additions from acquisitions	-	1,145	27,899	29,044
Depreciation	(14,172)	(16,254)	(25,679)	(56,105)
Property, plant and equipment at the end of the year	56,782	34,680	61,895	153,357

Closing balance at 31 December 2023

At cost	96,529	78,889	130,513	305,931
Accumulated depreciation	(39,747)	(44,209)	(68,618)	(152,574)
Carrying amount	56,782	34,680	61,895	153,357

Reconciliation for the year ended 31 December 2022 - Consolidated & Parent

Balance at 1 February 2022	Leasehold improvements	Office equipment	Computer equipment	Total
At cost	95,650	74,050	77,859	247,559
Accumulated depreciation	(7,845)	(12,212)	(27,676)	(47,733)
Carrying amount	87,805	61,838	50,183	199,826

Movements for the year ended 31 December 2022

Additions from acquisitions	880	3,694	24,756	29,330
Depreciation	(17,731)	(15,743)	(15,264)	(48,738)
Property, plant and equipment at the end of the year	70,954	49,789	59,675	180,418

Closing balance at 31 December 2022

At cost	96,529	77,744	102,614	276,887
Accumulated depreciation	(25,575)	(27,955)	(42,939)	(96,469)
Carrying amount	70,954	49,789	59,675	180,418

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

6. Intangible assets

Reconciliation of changes in intangible assets

	Intangible assets under development	Total
Reconciliation for the year ended 31 December 2023 - Consolidated & Parent		
Balance at 1 January 2023		
At cost	2,411,957	2,411,957
Accumulated amortisation	(399,456)	(399,456)
Carrying amount	2,012,501	2,012,501
Movements for the year ended 31 December 2023		
Acquisitions through internal development	3,037,467	3,037,467
Amortisation	(899,020)	(899,020)
Intangible assets at the end of the year	4,150,948	4,150,948
Closing balance at 31 December 2023		
At cost	5,449,424	5,449,424
Accumulated amortisation	(1,298,476)	(1,298,476)
Carrying amount	4,150,948	4,150,948
Reconciliation for the year ended 31 December 2022 - Consolidated & Parent		
Balance at 1 February 2022		
At cost	1,309,467	1,309,467
Accumulated amortisation	(178,360)	(178,360)
Carrying amount	1,131,107	1,131,107
Movements for the year ended 31 December 2022		
Acquisitions through internal development	1,102,490	1,102,490
Amortisation	(221,096)	(221,096)
Intangible assets at the end of the year	2,012,501	2,012,501
Closing balance at 31 December 2022		
At cost	2,411,957	2,411,957
Accumulated amortisation	(399,456)	(399,456)
Carrying amount	2,012,501	2,012,501
Reconciliation for the year ended 31 December 2023 - Parent		
Balance at 1 January 2023		
At cost	2,411,957	2,411,957
Accumulated amortisation	(399,456)	(399,456)
Carrying amount	2,012,501	2,012,501

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

Intangible assets continued...

Closing balance at 31 December 2023

At cost	5,449,424	5,449,424
Accumulated amortisation	(1,298,476)	(1,298,476)
Carrying amount	4,150,948	4,150,948

Reconciliation for the year ended 31 December 2022 - Parent

Balance at 1 February 2022

At cost	-	-
Accumulated amortisation	-	-
Carrying amount	-	-

Closing balance at 31 December 2022

At cost	2,411,957	2,411,957
Accumulated amortisation	(399,456)	(399,456)
Carrying amount	2,012,501	2,012,501

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
7. Right-of-use-assets				
Right-of-use assets				
Cost as at the start of financial period	738,967	738,967	738,967	738,967
Additions	-	-	-	-
Disposals	-	-	-	-
Cost as at the end of financial period	738,967	738,967	738,967	738,967
Accumulated depreciation as at the start of financial period	(202,815)	(67,345)	(202,815)	(67,345)
Charge for the year	(147,794)	(135,470)	(147,794)	(135,470)
Accumulated depreciation as at the end of financial period	(350,609)	(202,815)	(350,609)	(202,815)
Buildings	388,358	536,152	388,358	536,152
Amounts recognised in the statements of profit or loss and other comprehensive income				
Depreciation				
Buildings	147,793	135,470	147,793	135,470
Interest expense	17,900	21,543	17,900	21,543
	165,693	157,013	165,693	157,013
Operating lease commitments consists of the following balances:				
Within one year	181,787	176,014	181,787	176,014
Between two and five years	260,734	442,521	260,734	442,521
	442,521	618,535	442,521	618,535

The Group leases an office with a rental contract for a fixed period of 60 months. The assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments. Lease payments are discounted using a suitable interest rate, based on available borrowing rates if the Company were to obtain an asset of similar value to the right-of-use asset.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

8. Investments in subsidiaries

The amounts included on the statements of financial position comprise the following:

Investments in subsidiaries	43,524	43,524
Investments in subsidiaries	43,524	43,524

The Company's investment at the Statement of financial position date in its subsidiaries are the following:

SmartETN PLC

Opening balance for the reporting period	22,042	22,042
New investments during the reporting period	-	-
Closing balance for the reporting period	22,042	22,042

The Groups' investment cost in SmartETN PLC amounted to £22,042 as at 31 December 2023 and 31 December 2022. SmartETN PLC is incorporated and registered with Companies Registration Office (CRO), Ireland, as of 17 November 2017. The base prospectus is approved annually by the Central Bank of Ireland (CBI) to operate as an Issuance Vehicle. As a subsidiary of Cirdan Capital Management Ltd, its primary operation is to issue certificates. Its principal office is located at 31 - 32 Leeson Street Lower, Dublin 2, Ireland.

SmartCrypto ETP GmbH

Opening balance for the reporting period	21,482	21,482
New investments during the reporting period	-	-
Closing balance for the reporting period	21,482	21,482

The Group's investment cost in SmartCrypto ETP GmbH amounted to £21,482, as at 31 December 2023 and 31 December 2022. SmartCrypto ETP GmbH was incorporated and registered with the District Court of Frankfurt on Main, as of 19 April 2021. It has been granted full regulatory permissions by BAFIN, as of 2 September 2022. No operations have yet been undertaken to date. The primary operation will be the issue of certificates. Its principal office is located at Alfred - Herrhausen - Allee 3 - 5, 65760, Eschborn, Deutschland.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
9. Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss comprise the following balances				
Financial assets at fair value through profit or loss used for hedging exposures	14,280,102	18,908,979	-	-
Financial assets at fair value through profit or loss used for treasury trading	7,924,847	11,272,983	-	-
	22,204,949	30,181,962	-	-

10. Financial assets at amortised cost

Financial assets at amortised cost comprise the following balances

Financial instruments at cost used for treasury trading	45,896,969	72,819,744	-	-
	45,896,969	72,819,744	-	-

The portfolio of financial assets at amortised cost is used for treasury management purposes.

The portfolio of financial assets consists of debt instruments denominated in EUR. This includes £29,513,297 bonds pledged as collateral. In the period ending 31 December 2022 an amount of £8,838,701 has been re-classified from Trade and Other Receivables, Margin, to financial assets at amortised cost.

Included in the 31 December 2022 above, debt instruments are investments in past through securities issued by Aldburg S.A., a special purpose vehicle incorporated in Luxembourg and arranged by Cirdan Capital Management Limited, as at financial year end, 31 December 2023: £nil.

11. Financial assets through other comprehensive income

Financial assets through other comprehensive income incorporates the following balances:

Financial assets through other comprehensive income	1,250,478	-	-	-
	1,250,478	-	-	-

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
--------------	----------------------	----------------------	----------------	----------------

12. Derivative financial instruments

The fair value of the derivative financial instruments is based on prices from the Derivatives' Brokers, Interactive Brokers LLC ("IB") and the Derivative Counterparties, Goldman Sachs International ("GSI"), J.P. Morgan Securities plc. ("JPM"), Credit Suisse, CITI Bank and Morgan Stanley and are considered level one and level two valuations. Derivative financial instruments are used to hedge the return on certain Certificates issued.

Based on the fair values provided by the Derivatives' Brokers and the Derivative Counterparties, the following derivative financial instruments are classified as assets as at the financial year end:

Non-current assets

Instrument type

Options	1,309,202	5,719,026	-	-
Synthetics	-	745,751	-	-
Equity linked swaps	505,724	25,337,432	-	25,184,134
CFDs	-	115	-	-
Credit Default Index	104,096	-	-	-
Interest rate options	522,954	-	-	-
	2,441,976	31,802,324	-	25,184,134

Current assets

Instrument type

Synthetics	-	1,562,967	-	-
Options	1,838,378	88,927	-	-
Equity linked swaps	906,677	9,145	-	-
Forwards	79,460	-	-	-
CFDs	1,076,881	352,378	-	-
Warrants	-	58,169	-	-
	3,901,396	2,071,586	-	-

Based on the fair values provided by the Derivatives' Brokers and the Derivative Counterparties, the following derivative financial instruments are classified as liabilities as at the financial year end:

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
<i>Derivative financial instruments continued...</i>				
Non-current liabilities				
Instrument type				
CFDs	-	234	-	-
Credit Default Index	67,347	-	-	-
Equity linked swaps	52,021,463	97,252,749	-	26,551,681
Options	8,486,540	5,627,971	-	-
	60,575,350	102,880,954	-	26,551,681
	60,575,350	102,880,954	-	26,551,681
Current liabilities				
Instrument type				
Synthetics	-	3,513,132	-	-
Options	2,769,398	125,868	-	-
Equity linked swaps	2,495,032	4,288,841	-	-
Forwards	281,010	-	-	-
CFDs	79,339	85,861	-	-
Warrants	-	2,064	-	-
	5,624,779	8,015,766	-	-
	5,624,779	8,015,766	-	-

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
13. Trade and other receivables				
Trade and other receivables comprise:				
Cash collateral for margin call	69,919,201	98,515,670	-	-
Unsettled trades receivable	1,276,526	19,229,403	-	-
Corporate loans	9,330,084	2,880,724	4,090,642	2,883,302
Accrued interest receivable	1,116,182	-	-	-
Trade and other debtors	877,524	2,939,395	5,151,000	3,773,113
Receivable from subscriptions to Certificates	-	676,526	-	-
Cash Collateral receivable for derivatives futures	1,096,241	596,220	-	-
Prepayments	1,339,604	553,268	1,339,604	553,268
Accrued income	-	114,125	-	114,125
Directors' Loan	55,488	59,483	55,488	59,483
Value Added Tax	104,357	48,238	104,357	48,238
Guarantor receivable	-	-	3,774,913	5,474,571
	85,115,207	125,613,052	14,516,004	12,906,100

Included in the Corporate loans are intercompany loans as at consolidation level of £5,253,285 (2022: £2,880,724), whilst as at Company level £13,843 (2022: £2,883,803).

Accrued interest consists of the interest receivable on assets that were acquired during the current financial period, whilst there were no such assets held in the prior financial period.

Trade and other debtors consist of the following underlying transactions:

- Fee income not yet settled
- Deposit receivable in relation to the office lease
- Settlement timing on certain cashflows

Accrued income is income that is recognised for services rendered, but not yet fully completed to allow for invoicing. There was no such work in progress as at 31 December 2023.

14. Reverse repurchase agreements

Reverse repurchase agreements comprise the following balances

Reverse repurchase agreements	-	36,089,182	-	-
-------------------------------	---	-------------------	---	---

Reverse repurchase agreements involve purchases of securities with an agreement to resell substantially identical investments at a fixed price on a certain future date.

The Group engaged Fourchildren Limited, through a Group Master Repurchase Agreement (GRMA) to accept security of assets, in exchange for funding activities. As at 31 December 2023, the total fair value of the security received was £nil (Dec 2022: £36,089,182), none of which had been resold or repledged. These transactions were conducted under terms that are usual and customary to standard reverse repurchase agreements.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
15. Cash and cash equivalents				
Cash and cash equivalents included in current assets:				
Cash				
Cash and cash equivalents	106,883,486	55,504,508	637,114	6,423,829
Money market	3,329,350	6,859,628	100,423	2,026,171
	110,212,836	62,364,136	737,537	8,450,000

The Group manages the money market accounts to reduce the concentration risk to any single counterparty.

On average, the yield on the market accounts per currency is as per the below:

Goldman Sachs

EUR	3.12%	-0.05%
USD	5.06%	1.68%
GBP	9.23%	-16.81%

Morgan Stanley

EUR		3.18%	-0.06%
USD		4.73%	1.72%
GBP		5.25%	1.32%

16. Called up share capital

16.1 Authorised, allotted and fully paid up

Authorised

100 Ordinary shares of £0.01 each	1	1	1	1
-----------------------------------	---	---	---	---

Issued

100 Ordinary shares of £0.01 each	1	1	1	1
-----------------------------------	---	---	---	---

16.2 Capital redemption reserve

Capital redemption reserve	419,762	419,762	419,762	419,762
----------------------------	---------	---------	---------	---------

The Group has a capital redemption reserve related to the buyback of shares undertaken in the financial year ending 31 January 2022. The capital redemption reserve remain on the equity of the Group, as the "premium" paid on the buyback of the B-Class shares.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
17. Deferred tax				
The analysis of deferred tax assets and deferred tax liabilities is as follows:				
Deferred tax liabilities:				
Intangible assets timing difference	722,077	252,324	722,077	252,324
Capital allowance on fixed assets	41,838	34,279	41,838	34,279
ECL Provision timing difference	61,837	-	-	-
	<u>825,752</u>	<u>286,603</u>	<u>763,915</u>	<u>286,603</u>
Net deferred tax liabilities	<u>825,752</u>	<u>286,603</u>	<u>763,915</u>	<u>286,603</u>
18. Certificates issued				
Certificates issued comprise:				
Non-current liabilities				
Certificates issued at fair value through profit or loss	140,396,717	160,078,653	-	-
Certificates issued at amortised cost	-	-	-	-
	<u>140,396,717</u>	<u>160,078,653</u>	<u>-</u>	<u>-</u>
Current liabilities				
Certificates issued at fair value through profit or loss	42,417,238	8,644,033	-	-
Certificates issued at amortised cost	-	16,646,108	-	-
	<u>42,417,238</u>	<u>25,290,141</u>	<u>-</u>	<u>-</u>
19. Trade and other payables				
Trade and other payables comprise:				
Unsettled trades payable	113,327	14,182,218	-	-
Payable to redemptions of Certificates	6,774,680	-	-	-
Accrued expenses	2,325,594	3,427,727	2,278,882	3,379,521
Trade & Other Payables	1,538,757	1,551,297	1,538,752	1,335,002
Deferred income	376,955	866,182	376,955	866,182
Social security and other taxes	214,137	322,518	214,137	322,518
Interest payable on Certificates	76,815	120,286	-	-
	<u>11,420,265</u>	<u>20,470,228</u>	<u>4,408,726</u>	<u>5,903,223</u>

Payable to redemptions of certificates relates to the timing of the settlement and cashflow of certificates that have been redeemed during the financial period.

Trade and other payables consist of the following underlying transactions:

- Fee and administrative expenses not yet settled

The nature of the deferred income line item is with regards to fee income that is for a period greater than the reporting period, and is amortised across the appropriate period.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
--------------	----------------------	----------------------	----------------	----------------

20. Repurchase agreements

Repurchase agreements comprise:

Repurchase agreements	-	30,105,007	-	-
-----------------------	---	-------------------	---	---

Securities sold under agreements to repurchase involves sales of securities with agreements to repurchase substantially identical investments at a fixed price on a certain future date.

The Group engaged J.P. Morgan Securities PLC, through a Global Master Repurchase Agreement (GRMA), to allow the sale of assets as security in exchange for receipt of capital. As at 31 December 2023, the Group had pledged collateral / securities with a fair value of £nil (2022: £30,105,007). These transactions were conducted under the normal market agreements for standard repurchase transactions.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
21. Fee income				
Asset securitisation	5,236,142	7,801,674	5,236,142	7,801,674
Distribution and administration services	3,890,725	3,833,531	17,567,801	3,875,424
Wealth management	426,105	840,799	426,105	840,799
Structured product issuance	-	438,216	20,038,175	24,299,835
	9,552,972	12,914,220	43,268,223	36,817,732
22. Net gain on financial assets at fair value through profit and loss				
Net gain on financial assets at fair value through profit and loss	16,205,745	1,433,794	26,475	26,172
	16,205,745	1,433,794	26,475	26,172
23. Net (loss) / gain on certificates issued at fair value through profit and loss				
Net (loss) / gain on certificates issued at fair value through profit and loss	(311,895)	44,032,942	-	-
	(311,895)	44,032,942	-	-
24. Net gain / (loss) on derivative financial instruments at fair value through profit or loss				
Net gain / (loss) on derivative financial instruments at fair value through profit or loss	21,504,775	(15,866,557)	-	-
	21,504,775	(15,866,557)	-	-
25. Net gain on financial liabilities at amortised cost				
Amortisation of discount of certificates	47,542	797,656	-	-
Net realised gain on redemption of certificates at cost	63,049	8,233	-	-
	110,591	805,889	-	-
26. Net gain / (loss) on financial assets at amortised cost				
Net realised gain/ (loss) on disposal of debt instruments at cost	2,374,184	(140)	-	-
Foreign Exchange (loss) from other financial instruments at amortised cost	(86,496)	(164,750)	-	-
Net unrealised foreign exchange loss on financial assets at amortised cost	(446,331)	(232,516)	-	-
	1,841,357	(397,406)	-	-

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
27. Fee expense				
Structured product distributors	7,596,909	14,900,203	7,602,335	14,900,203
Asset securitisation distributors	3,109,577	4,112,631	3,109,577	4,112,630
3rd party structured product distributors	15,611,398	3,173,660	15,611,398	3,173,660
Issuance cost	1,423,259	590,013	1,523,965	786,915
	27,741,143	22,776,507	27,847,275	22,973,408
28. Administrative expenses				
Staff costs	6,557,497	5,678,529	6,557,497	5,678,529
Legal & professional fees	1,458,172	679,089	1,456,684	662,258
IT	566,458	306,859	566,457	306,858
Amortisation of intangible assets	899,021	221,096	899,021	221,096
Depreciation of property lease	147,794	131,703	147,794	131,703
Depreciation of fixed assets	56,105	48,737	56,105	48,737
Premises	182,597	164,274	180,270	162,250
Audit	212,621	120,734	209,079	117,690
Other administrative expenses	2,281,522	439,218	428,503	8,256
Provision: Expected Credit Loss	263,136	-	-	-
	12,624,923	7,790,239	10,501,410	7,337,377
29. Finance income				
Interest income on financial assets at fair value through profit or loss	44,622	2,484,476	-	-
Interest income on financial assets at amortised cost	14,566,852	2,067,721	-	-
Interest income on other financial assets at amortised cost	121,394	43,377	121,394	43,377
Total finance income	14,732,868	4,595,574	121,394	43,377
30. Finance costs				
Interest expense on certificates issued at fair value through profit and loss	14,872,430	9,172,323	-	-
Interest expense on certificates issued at amortised cost	251,756	430,395	-	-
Interest expense on other financial liabilities at amortised cost	2,905,811	-	-	-
Interest expense on other financial assets at amortised cost	210,276	634,139	91,070	8,700
Total finance costs	18,240,273	10,236,857	91,070	8,700

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
31. Income tax expense				
Current tax				
Current year	282,571	927,330	282,571	927,330
(Over) / Under provision	(73,246)	9,868	(73,246)	9,868
Total current tax	209,325	937,198	209,325	937,198
Deferred tax				
Originating and reversing temporary differences	539,149	221,201	477,312	221,201
Total income tax expense	748,474	1,158,399	686,637	1,158,399
The income tax for the year can be reconciled to the accounting profit as follows:				
Profit before tax from operations	5,030,074	6,714,853	4,976,337	6,567,796
Income tax calculated at 23.5% (Dec 2022: 19%)	1,182,067	1,275,822	1,169,439	1,247,881
Tax effect of				
Capital allowance	(6,825)	(5,572)	(6,825)	(5,572)
Depreciation and amortisation	224,454	51,268	224,454	51,268
Disallowed expenses	18,761	(32,829)	18,761	(32,829)
Intangible asset expensed	(128,622)	(14,307)	(128,622)	(14,307)
Research and development tax credits	(993,338)	(319,111)	(993,338)	(319,111)
s455 Corporation tax charge	(1,298)	-	(1,298)	-
Deferred tax liability - timing differences	539,149	221,201	477,312	221,201
Under provision in prior year	(73,246)	9,868	(73,246)	9,868
Other reconciling item	(12,628)	(27,941)	-	-
Tax charge	748,474	1,158,399	686,637	1,158,399

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

32. Financial instrument and Risk management

Financial risk management

The Group's financial instruments include cash at bank, financial assets, financial liabilities and other receivables/payables that arise directly from operations.

The Group is exposed to a variety of financial risks: capital risk, market risk (include foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk and operational risk exposure. The Group has attempted to match the properties of its financial liabilities to its financial assets including derivative financial instruments to avoid significant elements of risk generated by mismatch of realised income and repayments from the investments against its obligations towards the Certificate holders. The directors seek to assess, monitor and manage the potential adverse effects of these risks on the Group's financial performance by appropriate methods as discussed below.

Operational risk exposure

Operational risk is the risk of direct or indirect loss arising from the Group's processes, personnel and infrastructure, and from external factors other than credit risk, market risk and liquidity risk. This includes risks arising from non-compliance with legal and regulatory requirements as well as generally accepted standards of corporate behaviour.

The Group's aim is to manage operational risk so as to limit financial losses and damage to its reputation while achieving its investment objectives. The Group has appointed external legal counsel and an independent corporate service provider to manage risks arising from non-compliance with legal and regulatory requirements. A further function to mitigate the risk, is achieved by acquiring a portfolio of financial instruments (financed by the issuance of listed debt obligations, "the certificates"). The financial instruments are obtained with the purpose of providing the future promised returns of the certificates issued to the minimum extent required.

Capital risk management

The Group manages its capital to ensure that it is able to continue as a going concern while maximising the return to Certificate holders. The capital managed by the Group comprises of ordinary shares, Certificates issued and the financial liabilities outstanding as at financial period end. Cirdan Capital Management Ltd, the Parent, has a required minimum capital adequacy requirement based on various criteria as laid out by the FCA. Cirdan Capital Management Ltd is deemed to be a MIFDPRU investment firm and follows the IFPR rules as set out in the FCA Handbook.

The capital position is reported to the FCA within the internal capital and risk assessment (ICARA) at least once a year, and is monitored and approved by the Group's governing body.

Market risk

Market risk is the potential change in the value caused by the movements in foreign exchange, in the interest rates or market prices of the financial instruments. The Certificate holders are exposed to the market risk of the underlying reference item of each Certificate issued by the Group. The Group are exposed to these same market risks in respect to its treasury management investment portfolio.

Foreign exchange risk is the risk that the Group and certificate holders are exposed to the change in an underlying currency in relation to another. The Group is exposed to the movement in EURO, USD and CHF movements as set out in the table below. To mitigate the risk, management has set out the following processes:

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

Financial instrument and Risk management continued...

- When appropriate and possible, the Group will match the certificate issuance currency with the underlying hedging transaction, in this way any movement in currency will not cause any variance.
- For the certificates that are not directly hedged to an underlying financial asset, the Group will continue to undertake the investment in the same currency to avoid any foreign currency risk.
- The Group is exposed to the foreign currency risk with regards to its treasury trading portfolio. To assist in managing the risk, the Group enters into FX forwards to minimise the exposure to foreign exchange risk.

The certificate holder is not directly exposed to any foreign exchange risk due to the steps undertaken by the Group. The exposure to foreign currency risk due to the treasury trading portfolio is borne by the Group, and does not impact the value of certificate holders.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Group has issued certificates that have a coupon obligation, related to the measurement of specific criteria, as set out in the terms and conditions. To minimise the exposure to interest rate risk, the Group hedges the obligation with a suitably similar instrument. For certain certificates, the hedge may not be directly linked, however, the nature and interest element will be suitably similar to avoid any variance between the interest rate movements.

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or all factors affecting all similar financial instruments traded in the market. The Group is exposed to price risk due to the changes in value of the underlying investments undertaken. To mitigate the risk, the Group have undertaken the following processes:

- When appropriate and possible, the Group will hedge the underlying investments as identified by the terms and conditions on the issued certificates. This allows the movement of the certificate and the underlying hedge exposure to move in a linear, opposite direction and mitigating the risk of price risk.
- For the certificates that are not directly hedged to an underlying financial asset, the Group will continue to invest in a suitably similar underlying asset. As such, the exposure is mitigated by the expectation that the movement in price of the underlying asset would be similar as to the movement in the certificate. The price risk is borne by the Group, as the valuation of these certificates are not directly related to the movement of the investment asset.
- The Group is exposed to the price risk with regards to the treasury trading portfolio. To minimise this risk, the Group undertakes an extensive due diligence process. The Group limits the concentration of these investments to currency, geographic location, industry and economic sector. The portfolio of treasury trading includes but is not limited to common stocks, equity stock indices, mutual fund stocks, money market funds, debt instruments, exchange-traded commodity futures, options, over-the-counter contracts and derivative instruments. The price risk on these positions are not borne by the certificate holders.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

Financial instrument and Risk management continued...

(i) Foreign exchange risk

The table below shows the Group and Company's full currency exposure as at 31 December 2023:

Cirdan Capital Management Ltd - Consolidated

Assets	Property, plant and equipment £'000	Intangible assets £'000	Right-of-use assets £'000	Financial assets at FVTPL £'000	Financial assets at amortised cost £'000
EUR	-	-	-	12,293	45,897
USD	-	-	-	8,585	-
GBP	153	4,151	388	76	-
CHF	-	-	-	1,251	-
JPY	-	-	-	-	-
	153	4,151	388	22,205	45,897

Assets	Financial assets through OCI £'000	Derivative financial assets £'000	Trade and other receivable £'000	Cash and cash equivalents £'000	Total £'000
EUR	1,250	3,740	74,503	98,917	236,600
USD	-	2,604	9,000	2,910	23,099
GBP	-	-	1,612	8,012	14,392
CHF	-	-	-	293	1,544
JPY	-	-	-	81	81
	1,250	6,344	85,115	110,213	275,716

Cirdan Capital Management Ltd - Parent

Assets	Property, plant and equipment £'000	Intangible assets £'000	Right-of-use assets £'000	Trade and other receivable £'000	Cash and cash equivalents £'000
EUR	-	-	-	12,888	387
USD	-	-	-	56	48
GBP	153	4,151	388	1,572	300
CHF	-	-	-	-	3
	153	4,151	388	14,516	738

Assets	Investment in subsidiaries £'000	Total £'000
EUR	44	13,319
USD	-	104
GBP	-	6,564
CHF	-	3
	44	19,990

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

Financial instrument and Risk management continued...

Cirdan Capital Management Ltd - Consolidated

Liabilities	Deferred tax liabilities £'000	Certificates issued at FVTPL £'000	Derivative financial liabilities £'000	Operating lease liabilities £'000	Trade and other payables £'000
EUR	-	177,735	64,304	-	7,451
USD	-	5,080	1,742	-	391
GBP	826	-	-	443	3,001
CHF	-	-	-	-	577
HKD	-	-	154	-	-
	826	182,815	66,200	443	11,420

Liabilities	Current tax liabilities £'000	Total £'000
EUR	-	249,490
USD	-	7,213
GBP	159	4,429
CHF	-	577
JPY	-	154
	159	261,863

Cirdan Capital Management Ltd - Parent

Liabilities	Deferred tax liabilities £'000	Operating lease liabilities £'000	Trade and other payables £'000	Current tax liabilities £'000	Total £'000
EUR	-	-	1,003	-	1,003
USD	-	-	391	-	391
GBP	764	443	3,001	159	4,367
CHF	-	-	14	-	14
	764	443	4,409	159	5,775

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

Financial instrument and Risk management continued...

The table below shows the Group and Company's full currency exposure as at 31 December 2022:

Cirdan Capital Management Ltd - Consolidated

Assets	Property, plant and equipment £'000	Intangible assets £'000	Right-of-use assets £'000	Financial assets at FVTPL £'000	Financial assets at amortised cost £'000
EUR	-	-	-	14,461	72,820
USD	-	-	-	15,657	-
GBP	180	2,013	536	53	-
CHF	-	-	-	4	-
CAD	-	-	-	-	-
JPY	-	-	-	-	-
AUD	-	-	-	6	-
SEK	-	-	-	-	-
	180	2,013	536	30,181	72,820

Assets	Derivative financial assets £'000	Trade and other receivable £'000	Reverse repurchase agreements £'000	Cash and cash equivalents £'000	Total £'000
EUR	26,170	114,728	36,089	49,975	314,243
USD	4,581	8,886	-	9,137	38,261
GBP	-	1,308	-	3,134	7,224
CHF	-	692	-	128	824
CAD	-	-	-	1	1
JPY	3,124	-	-	28	3,152
AUD	-	-	-	(28)	(22)
SEK	-	-	-	(12)	(12)
	33,875	125,614	36,089	62,363	363,671

Cirdan Capital Management Ltd - Parent

Assets	Property, plant and equipment £'000	Intangible assets £'000	Right-of-use assets £'000	Trade and other receivable £'000	Cash and cash equivalents £'000
EUR	-	-	-	10,628	5,498
USD	-	-	-	970	230
GBP	180	2,013	536	1,307	2,650
CHF	-	-	-	1	72
	180	2,013	536	12,906	8,450

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

Financial instrument and Risk management continued...

Assets	Derivative financial assets £'000	Investment in subsidiaries £'000	Total £'000
EUR	25,184	44	41,354
USD	-	-	1,200
GBP	-	-	6,686
CHF	-	-	73
	25,184	44	49,313

Cirdan Capital Management Ltd - Consolidated

Liabilities	Deferred tax liabilities £'000	Certificates issued at FVTPL £'000	Certificates issued at amortised cost £'000	Derivative financial liabilities £'000	Operating lease liabilities £'000
EUR	-	159,982	16,646	103,230	-
USD	-	8,279	-	4,386	-
GBP	287	-	-	-	619
CHF	-	462	-	123	-
JPY	-	-	-	3,157	-
	287	168,723	16,646	110,896	619

Liabilities	Trade and other payables £'000	Current tax liabilities £'000	Repurchase agreements £'000	Total £'000
EUR	14,902	-	30,105	324,865
USD	201	-	-	12,866
GBP	5,354	915	-	7,175
CHF	13	-	-	598
JPY	-	-	-	3,157
	20,470	915	30,105	348,661

Cirdan Capital Management Ltd - Parent

Liabilities	Deferred tax liabilities £'000	Derivative financial liabilities £'000	Operating lease liabilities £'000	Trade and other payables £'000
EUR	-	26,552	-	549
GBP	287	-	619	5,353
	287	26,552	619	5,902

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

Financial instrument and Risk management continued...

Liabilities	Current tax	Total
	liabilities	
	£'000	£'000
EUR	-	27,101
GBP	915	7,174
	915	34,275

Cirdan Capital Management Ltd - Consolidated

The Group performs a review of the sensitivity towards the move in foreign currency relative to the reporting currency, based on the current exposure per currency on the reporting date. The below sets out the potential impact of a move in foreign currency by virtue of a 5% increase / (decrease) relative to the EURO (€).

The sensitivity analysis for a movement in the currency exposure for the Group:

Currency	Increase in foreign currency exchange	Net effect on the profit or loss	
		2023	2022
		£'000	£'000
EUR	5%	(616)	(506)
USD	5%	756	1,209
CHF	5%	46	11
HKD	5%	(7)	-
JPY	5%	4	-
AUD	5%	-	(1)
SEK	5%	-	(1)
		183	712

Currency	Decrease in foreign currency exchange	Net effect on the profit or loss	
		2023	2022
		£'000	£'000
EUR	5%	681	559
USD	5%	(836)	(1,337)
CHF	5%	(51)	(12)
HKD	5%	8	-
JPY	5%	(4)	-
AUD	5%	-	1
SEK	5%	-	1
		(202)	(788)

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

Financial instrument and Risk management continued...

Cirdan Capital Management Ltd - Parent

The sensitivity analysis for a movement in the currency exposure for the Company:

Currency	Increase in foreign currency exchange	Net effect on the profit or loss	
		2023	2022
		£'000	£'000
EUR	5%	584	679
USD	5%	(14)	57
CHF	5%	(1)	3
		569	739

Currency	Decrease in foreign currency exchange	Net effect on the profit or loss	
		2023	2022
		£'000	£'000
EUR	5%	(646)	(750)
USD	5%	15	(63)
CHF	5%	1	(4)
		(630)	(817)

(ii) Interest rate risk

The risk defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the interest rate profile of the Group's financial assets and liabilities were as follows:

This table below shows the Group and Company's interest rate profile related to assets as at 31 December 2023.

Cirdan Capital Management Ltd - Consolidated

Assets	Fixed rate	Up to 1 month	1 - 6 months	Non-interest bearing	Total
Financial assets at FVTPL	-	-	-	22,205	22,205
Financial assets at amortised cost	-	-	45,897	-	45,897
Financial assets through OCI	-	-	-	1,250	1,250
Derivative financial assets	-	-	-	6,343	6,343
Trade and other receivables	4,055	-	-	81,060	85,115
Cash and cash equivalents	-	109,472	17	724	110,213
	4,055	109,472	45,914	111,582	271,023

Liabilities	Fixed rate	Up to 1 month	1 - 6 months	Non-interest bearing	Total
Certificates issued at FVTPL	81,298	-	8,803	92,713	182,814
Derivative financial instruments	-	-	-	66,200	66,200
Trade and other payables	-	-	-	11,420	11,420
	81,298	-	8,803	170,333	260,434

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

Financial instrument and Risk management continued...

Cirdan Capital Management Ltd - Parent

Assets	Fixed rate	Up to 1 month	1 - 6 months	Non-interest bearing	Total
	£'000	£'000	£'000	£'000	£'000
Investments in subsidiaries	-	-	-	44	44
Trade and other receivables	4,055	-	-	10,461	14,516
Cash and cash equivalents	-	-	17	720	737
	4,055	-	17	11,225	15,297

Liabilities	Fixed rate	Up to 1 month	1 - 6 months	Non-interest bearing	Total
	£'000	£'000	£'000	£'000	£'000
Trade and other payables	-	-	-	4,409	4,409
	-	-	-	4,409	4,409

This table below shows the Group and Company's interest rate profile related to assets as at 31 December 2022.

Cirdan Capital Management Ltd - Consolidated

Assets	Fixed rate	Up to 1 month	1 - 6 months	Non-interest bearing	Total
	£'000	£'000	£'000	£'000	£'000
Financial assets at FVTPL	-	-	-	30,182	30,182
Financial assets at amortised cost	-	-	72,820	-	72,820
Derivative financial assets	-	-	-	33,874	33,874
Trade and other receivables	-	-	-	125,613	125,613
Reverse repurchase agreements	-	-	-	36,089	36,089
Cash and cash equivalents	452	53,913	2,026	5,973	62,364
	452	53,913	74,846	231,731	360,942

Liabilities	Fixed rate	Up to 1 month	1 - 6 months	Non-interest bearing	Total
	£'000	£'000	£'000	£'000	£'000
Certificates issued	2,916	-	11,296	171,157	185,369
Derivative financial instruments	-	-	-	110,897	110,897
Reverse repurchase agreements	-	-	-	30,105	30,105
Trade and other payables	-	-	-	20,470	20,470
	2,916	-	11,296	332,629	346,841

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

Financial instrument and Risk management continued...

Cirdan Capital Management Ltd - Parent

Assets	Fixed rate	Up to 1 month	1 - 6 months	Non-interest bearing	Total
	£'000	£'000	£'000	£'000	£'000
Investments in subsidiaries	-	-	-	44	44
Derivative financial assets	-	-	-	25,184	25,184
Trade and other receivables	-	-	-	12,906	12,906
Cash and cash equivalents	452	-	2,026	5,971	8,450
	452	-	2,026	44,105	46,584

Liabilities	Fixed rate	Up to 1 month	1 - 6 months	Non-interest bearing	Total
	£'000	£'000	£'000	£'000	£'000
Derivative financial instruments	-	-	-	26,552	26,552
Trade and other payables	-	-	-	5,903	5,903
	-	-	-	32,455	32,455

Cirdan Capital Management Ltd - Consolidated

The Group performs a review of the sensitivity towards the move in interest rate, based on the current exposure per interest rate on the reporting date. The below sets out the potential impact of a move in interest rate by virtue of a 1% increase / (decrease) relative to the quoted rates at the reporting date.

The sensitivity analysis for a movement in the net interest rate exposure of the Group:

	Increase in interest rates	Net effect on the profit or loss	
		2023 £'000	2022 £'000
Fixed Rate	1%	(772)	(25)
Up to 1 month	1%	1,095	539
1 - 6 months	1%	374	635
		697	1,149

	Decrease in interest rates	Net effect on the profit or loss	
		2023 £'000	2022 £'000
Fixed Rate	1%	772	25
Up to 1 month	1%	(1,095)	(539)
1 - 6 months	1%	(374)	(635)
		(697)	(1,149)

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

Financial instrument and Risk management continued...

Cirdan Capital Management Ltd - Parent

The sensitivity analysis for a movement in the net interest rate exposure of the Company:

		Net effect on the profit or loss	
		2023	2022
		£'000	£'000
		Increase in interest rates	
Fixed Rate	1%	41	5
Up to 1 month	1%	-	-
1 - 6 months	1%	-	20
		41	25
		Net effect on the profit or loss	
		2023	2022
		£'000	£'000
		Decrease in interest rates	
Fixed Rate	1%	(41)	(5)
Up to 1 month	1%	-	-
1 - 6 months	1%	-	(20)
		(41)	(25)

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or all factors affecting all similar financial instruments traded in the market.

The price risk associated with the realisation of the certain financial assets held by the Group is offset by the changes in the fair value of the Certificates issued by the Group. Changes in the fair value of such financial assets the Group hold purely for hedging its exposures from the relevant issued Certificates will be offset by an equal and opposite fair value movements on those Certificates which the Group has entered offsetting hedging transactions. Certificate holders are exposed to a maximum loss of 90% of the original capital invested by the existence of the guarantees which SmartETN PLC has in place from Cirdan Capital Management Limited.

The Group is further exposed to the price risk in unfavourable movements in the investment portfolio not held for hedging purposes. The exposure arises from the Group's investment in equity securities, equity-linked derivatives and private investments. The Group mitigates the risk by applying specific concentration rules on geographic location, industry and economic sector, to ensure the investments are diversified and not impacted by similar, once off events.

The carrying amounts of financial instruments held at fair value in are determined, in full or in part, by reference to the Level 1, Level 2 and Level 3 hierarchy categories as defined in the accounting policies. The table below sets out the instruments included in each category as at 31 December 2023

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

Financial instrument and Risk management continued...

Cirdan Capital Management Ltd - Consolidation

The table below sets out the assets and liabilities instruments included in each category as at 31 December 2023.

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Financial assets at FVTPL				
Financial assets at FVTPL	11,098	10,989	118	22,205
Derivative financial instruments	670	5,673	-	6,343
	11,769	16,662	118	28,548
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Financial liabilities at FVTPL				
Certificates issued at FVTPL	-	181,449	1,365	182,814
Derivative financial instruments	592	65,608	-	66,200
	592	247,057	1,365	249,014

The Company had no such positions as at 31 December 2023.

Cirdan Capital Management Ltd - Consolidation

The table below sets out the assets and liabilities instruments included in each category as at 31 December 2022.

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Financial assets at FVTPL				
Financial assets at FVTPL	15,167	14,867	148	30,182
Derivative financial instruments	28,015	5,858	-	33,874
	43,183	20,725	148	64,056
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Financial liabilities at FVTPL				
Certificates issued at FVTPL	-	167,287	1,436	168,723
Derivative financial instruments	29,264	81,632	-	110,897
	29,264	248,919	1,436	279,619

Cirdan Capital Management Ltd - Parent

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Financial assets at FVTPL				
Derivative financial instruments	25,184	-	-	25,184
	25,184	-	-	25,184
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Financial liabilities at FVTPL				
Derivative financial instruments	26,552	-	-	26,552
	26,552	-	-	26,552

Cirdan Capital Management Ltd - Consolidation

The Group performs a review of the sensitivity towards the move in fair value, relative to the current fair value market price of the asset and liability portfolio measured at fair value through profit or loss on the reporting date. The below sets out the potential impact of a move in fair value of the market price by virtue of a 5% increase / (decrease) relative to the current market price.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

Financial instrument and Risk management continued...

The sensitivity analysis for a movement in the market price exposure for the Group:

		Net effect on the profit or loss	
		2023	2022
		£'000	£'000
Assets	Increase in market price		
Financial assets at FVTPL	5%	1,110	1,509
Derivative financial instruments	5%	317	1,694
		1,427	3,203
Liabilities			
Certificates issued at FVTPL	5%	9,141	8,436
Derivative financial instruments	5%	3,310	5,545
		12,451	13,981
Net impact on the profit or loss		(11,023)	(10,778)

		Net effect on the profit or loss	
		2023	2022
		£'000	£'000
Assets	Decrease in market place		
Financial assets at FVTPL	5%	(1,110)	(1,509)
Derivative financial instruments	5%	(317)	(1,694)
		(1,427)	(3,203)
Liabilities			
Certificates issued at FVTPL	5%	(9,141)	(8,436)
Derivative financial instruments	5%	(3,310)	(5,545)
		(12,451)	(13,981)
Net impact on the profit or loss		11,023	10,778

Valuation of level 2 fair values

The Group derives the fair value of the certificates based on a combination of the underlying assets held. The net issuance of certain certificates are used to enter into offsetting financial transactions in such a way as to hedge the exposure of the Group to the future promised returns of certain certificates issued to the minimum extent required. In addition, the Group also maintains an treasury trading portfolio using the proceeds from certain certificates issuance to maximise returns to meet contractual obligations of the certificates and to generate any excess returns over these contractual obligations. Financial assets include, but are not limited to common stock, equity stock indices, mutual fund stocks, stock warrant and debt instruments. In certain instances, the Group has determined that the market may not be considered active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs. These include investment-grade corporate bonds, certain customised baskets of common stocks or indices and derivatives.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

Financial instrument and Risk management continued...

Financial instruments - Level 3:

Valuation of level 3 fair value assets

The valuation of the Level 3 investments are performed by the operational team, on an annual basis at the very least. The team verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant documents and market information. Any fair value change is reviewed and considered internally, with a view to confirmation that the value presented is a true and fair reflection of the investment. The investments form part of the treasury trading investment portfolio with the movement borne by the Group. For the certificate holder, the risk is mitigated by the existence of the guarantee issued by the Group with regards to the obligations of the certificates.

	2023	2022
	£'000	£'000
Reconciliation of level 3 fair value assets		
Balance as at the start of the financial period	148	7,685
Purchases	-	547
Disposal	-	(7,935)
Reclassification	-	63
Total gain / (loss) in profit or loss	(30)	(212)
Balance as at the end of the financial period	118	148

Valuation of level 3 fair value liabilities

The valuation of the Level 3 Certificates are performed by the operational team, on a realtime basis. The underlying rate applied is selected after taking various external and internal factors into consideration, including but not limited to; discounting due to the Group not being rated, terms and conditions related to the applicable Certificate issued, the nature and frequency of the Certificate obligation.

	2023	2022
	£'000	£'000
Reconciliation of level 3 fair value liabilities		
Balance as at the start of the financial period	1,436	19,526
Purchases	-	-
Disposal	-	(18,125)
Total gain / (loss) in profit or loss	(71)	35
Balance as at the end of the financial period	1,365	1,436

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation. The Group is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within debt instruments, derivatives, money market funds and similar securities, derivative assets, short-term trade receivables, and cash and cash equivalents.

A policy is implemented where the Group can only enter into financial instruments with reputable, pre-approved counterparties. This includes closely monitoring the creditworthiness of the Group's counterparties (brokers, custodians and banks) by reviewing their credit ratings, financial statements and press releases on a regular basis.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

Financial instrument and Risk management continued...

Cirdan Capital Management Ltd - Consolidation

This table below represents the exposure to credit risk:

	2023	2022
	£'000	£'000
Assets		
Financial assets at FVTPL	22,205	30,182
Financial assets at amortised cost	45,897	72,820
Financial assets through OCI	1,250	-
Derivative financial assets	6,343	33,874
Trade and other receivables	85,115	125,613
Reverse repurchase agreements	-	36,089
Cash and cash equivalents	110,213	62,364
	271,024	360,942

Included in the Financial assets at amortised cost is the consideration related to the potential expected credit loss, as set out in the Accounting Policies.

Trade and other receivables include the collateral balance, as per Note. 13.

Cirdan Capital Management Ltd - Parent

This table below represents the maximum exposure to credit risk:

	2023	2022
	£'000	£'000
Assets		
Investment in subsidiaries	44	44
Derivative financial assets	-	25,184
Trade and other receivables	14,516	12,906
Cash and cash equivalents	738	8,450
	15,297	46,584

(i) The credit rating profile of the financial instruments and Counterparties are as follows:

Cirdan Capital Management Ltd - Consolidation

	2023		
	£'000	Credit rating	Rating agency
Financial assets at FVTPL			
Aldburg S.A.	118	Unrated	N/A
BNP Paribas	61	AA-	Fitch ratings
Canadian Imperial Bank of Commerce	412	AA-	Fitch ratings
CITI Group	233	A+	S&P
Credit Suisse	8,725	A+	Fitch ratings
Other	744	Unrated	N/A
Interactive Brokers	11,097	A-2	S&P
J.P. Morgan Structured Products	278	A-	S&P
Morgan Stanley & Co. International PLC	537	A-	S&P
	22,205		

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

Financial instrument and Risk management continued...

	2022		
Financial assets at FVTPL	£'000	Credit rating	Rating agency
Aldburg S.A.	148	Unrated	N/A
BNP Paribas	33	A+	Fitch Ratings
Canadian Imperial Bank of Commerce	384	AA-	Fitch Ratings
Credit Suisse	10,632	A	Fitch Ratings
Other	1,611	Unrated	N/A
Interactive Brokers	15,082	BBB+	S&P
J.P. Morgan Structured Products	1,268	A+	S&P
Aldburg Public S.A	85	Unrated	N/A
Morgan Stanley & Co. International PLC	940	A+	S&P
	30,182		
	2023		
Financial instruments at amortised cost	£'000	Credit rating	Rating agency
ADAGIO VIII CLO DAC	2,149	AA	Fitch
Dryden 51 EURO CLO 2017 DAC	2,063	BBB-	Fitch
Bridgepoint CLO IV DAC	860	AA	Fitch
Harvest CLO XXIX DAC	6,024	AA	Fitch
Voya EURO CLO VI DAC	1,629	AA	Fitch
Barings EURO CLO 2023-2	4,267	A	Fitch
French Republic	28,905	AA-	Fitch
	45,897		
	2022		
Financial instruments at amortised cost	£'000	Credit rating	Rating agency
Carlyle EURO CLO 2022-3 DAC	1,330	BBB	Fitch
Carlyle EURO CLO 2017-2 DAC	835	BBB	S&P
Harvest CLO XIX DAC	2,223	AA	Fitch
OZLME IV DAC	1,189	A+	Fitch
ADAGIO VIII CLO DAC	2,223	AA	Fitch
Dryden 51 EURO CLO 2017 DAC	2,134	BBB-	Fitch
Harvest CLO XXIX DAC	1,217	A	Fitch
Barings EURO CLO 2014-2 DAC	2,783	AA+	Fitch
Palmer Squae European Loan Funding 2022-3 DAC	6,209	AA	Fitch
Palmer Squae European Loan Funding 2022-3 DAC	3,548	A	Fitch
Arbour CLO III DAC	237	Aa2	Moody's
Aldburg S.A.	19,379	Unrated	N/A
French Republic	29,513	AA-	Fitch
	72,820		

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

Financial instrument and Risk management continued...

	2023		
Derivative financial instruments	£'000	Credit rating	Rating agency
Interactive Brokers LLC	670	A-2	S&P
Goldman Sachs International	1,854	A-	S&P
J.P. Morgan Securities plc.	1,382	A-	S&P
Citigroup Global Markets Limited	1,417	A-	S&P
Morgan Stanley	966	F1	Fitch ratings
Credit Suisse International	53	A-1	S&P
	6,343		
	2022		
Derivative financial instruments	£'000	Credit rating	Rating agency
Interactive Brokers LLC	2,831	BBB+	S&P
Goldman Sachs International	783	A+	S&P
J.P. Morgan Securities plc.	697	A+	S&P
Citigroup Global Markets Limited	4,371	A+	S&P
China International Capital Corporation Limited	25,184	BBB+	Fitch ratings
Credit Suisse International	8	A	S&P
	33,874		

(ii) The credit rating profile of the banks holding the cash and cash equivalents balance is as follows:

Cirdan Capital Management Ltd - Consolidation

	2023		
Cash and cash equivalents	£'000	Credit rating	Rating agency
Goldman Sachs International Bank	50,930	Aa3	Moody's
Interactive Brokers (UK) Ltd	26,827	BBB+	S&P
Banca Finnat Euramerica S.p.A	-	Unrated	N/A
BFF Bank S.p.A	31,724	Baa2	Moody's
European Depositary Bank SA	9	Unrated	N/A
Railsbank Technology Ltd	-	Unrated	N/A
Smart Bank S.p.A	0	Unrated	N/A
Qonto	4	Unrated	N/A
Barclays Bank PLC	612	A1	Moody's
Morgan Stanley Liquidity Funds	100	Aaa	Moody's
SmartBank S.p.A	7	Unrated	N/A
	110,213		

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

Financial instrument and Risk management continued...

	2022		
Cash and cash equivalents	£'000	Credit rating	Rating agency
Goldman Sachs International Bank	23,980	Aa3	Moody's
Interactive Brokers (UK) Ltd	21,200	BBB+	S&P
Banca5	0	BBB	S&P
Banca Finnat Euramerica S.p.A	5	Unrated	N/A
BFF Bank S.p.A	3,821	Baa2	Moody's
European Depositary Bank SA	148	Unrated	N/A
Railsbank Technology Ltd	160	Unrated	N/A
SmartBank S.p.A	9,931	Unrated	N/A
Penta GmbH	1	Unrated	N/A
Barclays Bank PLC	1,093	A1	Moody's
Morgan Stanley Liquidity Funds	2,026	Aaa	Moody's
	62,364		

Cirdan Capital Management Ltd - Company

	2023		
Cash and cash equivalents	£'000	Credit rating	Rating agency
Barclays Bank PLC	612	A1	Moody's
Interactive Brokers (UK) Ltd	4	BBB+	S&P
BFF Bank S.p.A	15	Baa2	Moody's
Morgan Stanley Liquidity Funds	100	Aaa	Moody's
SmartBank S.p.A	7	Unrated	N/A
	738		

	2022		
Cash and cash equivalents	£'000	Credit rating	Rating agency
Barclays Bank PLC	1,093	A1	Moody's
Interactive Brokers (UK) Ltd	4	BBB+	S&P
Morgan Stanley Liquidity Funds	2,026	Aaa	Moody's
European Depositary Bank SA	8	AA-	S&P
Banca Finnat Euramerica S.p.A	0	Unrated	N/A
SmartBank S.p.A	5,318	Unrated	N/A
	8,450		

(iii) Credit risk for unsettled trades receivable is minimal as the balance is settled following the financial period-end. This is a function related to the timing of settlement of the trade, as the asset and / or liabilities has been derecognised, with the cashflow to follow.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligation as they fall due. The Group's approach to managing liquidity risk is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. The Group manages this risk by entering an exact equal, but opposite hedge to replicate the performance of the Certificate.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

Financial instrument and Risk management continued...

Prudent liquidity risk management requires maintaining sufficient cash and marketable investments, which the Group does. The maturity profile of the financial liabilities as at 31 December 2023 is as follows:

Cirdan Capital Management Ltd - Consolidation

	Gross contractual cashflow £'000	Up to 1 Year £'000	1 - 2 Years £'000	2 - 5 Years £'000	5 Years £'000
Liabilities					
Certificates issued at FVTPL	182,814	22,408	20,043	129,521	10,842
Trade and other payables	11,683	11,683	-	-	-
Operating Lease - Office	443	148	188	107	-
Tax Liability	159	159	-	-	-
	195,099	34,398	20,231	129,628	10,842

Cirdan Capital Management Ltd - Company

	Gross contractual cashflow £'000	Up to 1 Year £'000	1 - 2 Years £'000	2 - 5 Years £'000	5 Years £'000
Liabilities					
Trade and other payables	4,409	4,409	-	-	-
Operating Lease - Office	443	148	188	107	-
Tax Liability	159	159	-	-	-
	5,011	4,716	188	107	-

The maturity profile of the financial liabilities as at 31 December 2022 is as follows:

Cirdan Capital Management Ltd - Consolidation

	Gross contractual cashflow £'000	Up to 1 Year £'000	1 - 2 Years £'000	2 - 5 Years £'000	5 Years £'000
Liabilities					
Certificates issued at FVTPL	168,723	-	8,090	160,048	585
Certificates issued at amortised cost	16,646	-	16,646	-	-
Trade and other payables	20,470	20,470	-	-	-
Repurchase agreements	30,105	30,105	-	-	-
Operating Lease - Office	619	176	148	295	-
Tax Liability	915	915	-	-	-
	237,478	51,666	24,884	160,343	585

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

Financial instrument and Risk management continued...

Cirdan Capital Management Ltd - Company

	Gross contractual cashflow £'000	Up to 1 Year £'000	1 - 2 Years £'000	2 - 5 Years £'000	5 Years £'000
Liabilities					
Trade and other payables	5,903	5,903	-	-	-
Operating Lease - Office	619	176	148	295	-
Tax Liability	915	915	-	-	-
	7,437	6,994	148	295	-

The amounts shown are the contractual undiscounted cashflows whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows.

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
33. Employee and directors				
Wages and salaries	5,324,138	4,650,682	5,324,138	4,650,682
Social security costs	712,147	665,467	712,147	665,467
Other pension costs	23,333	52,552	23,333	52,552
	6,059,618	5,368,701	6,059,618	5,368,701
The average number of employees during the year was as follows:				
Directors	8	8	5	5
Employees	30	22	30	22
	38	30	35	27
Directors' remuneration	465,752	439,686	465,752	439,686
	465,752	439,686	465,752	439,686
Key management personnel remuneration	972,419	391,010	972,419	391,010
	972,419	391,010	972,419	391,010

The Board of Directors of Cirdan Capital Management Ltd are employed on a fixed employment contract, with the remuneration of each Director (Non - Executive or Executive) being agreed on an annual basis. Antonio de Negri is the controlling party of Cirdan International Inc. and is also a member of the Board of Directors.

The highest paid Director during the period ending 31 December 2023 received £113,820. During the year, the Directors had no opportunity to exercise any share options, no shares were issued as part of the employment in lieu of salary and no pension with money purchase benefits were offered. The figures exclude any commission scheme figures which are strictly related to individual targets as employee, and not related to services rendered as Director or senior manager.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

Financial instrument and Risk management continued...

34. Related parties

The Certificates issued by the SmartETN PLC are unconditionally and irrevocably guaranteed by the Guarantor (Cirdan Capital Management Ltd) - Parent. In case of shortfall, between the realisable value of the financial assets held by the Group and the contractual obligation of the Certificates issued by SmartETN PLC, the Guarantor is obliged to cover the full amount of the shortfall. In case of a surplus, between the realisable value of the financial assets held by SmartETN PLC and the contractual obligation of the Certificates issued by SmartETN PLC, the Guarantor is entitled to the full amount of the surplus as a consideration for acting as Guarantor to SmartETN PLC.

Cirdan Capital Management Limited acts as an arranger of Aldburg S.A., a company registered in Luxembourg. As at 31 December 2023, the Group holds Notes issued by Aldburg S.A. amounting to £117,971 (Dec 2022: £19,527,194). During the previous financial period the Group also purchased a financial asset for the purposes of onward selling this asset to Alburg S.A.. The asset was purchased and sold for £10,316,434. This is included in unsettled trades at prior year end as £5,195,171 receivable from Alburg S.A. in respect to this transaction. The amount outstanding was settled in February 2022.

Antonio De Negri, non-executive director of the Group, has a significant influence over FourChildren Limited. The Group has undertaken certain transactions with FourChildren Limited. As at 31 December 2023 a reverse repurchase balance of £nil (Dec 2022: £36,089,182), as per Note 17. Interest received on the reverse repurchase balance of £2,063,968 (Dec 2022: £nil) was recognised. As at 31 December 2023, there was interest receivable of £921,903 (Dec 2022: £nil).

In addition, during 31 December 2023 assets of £84,247,253 (Dec 2022: £nil) were purchased from FourChildren Limited. Assets were sold to FourChildren Limited of £25,200,654 (Dec 2022: £36,294,694) for a loss - £33,782 (Dec 2022: profit - £2,392,809).

The Group undertook trading activity with a related party, SmartBank S.p.A. As at 31 December 2023 assets of £93,472,445 (Dec 2022: £nil) were purchased from SmartBank S.p.A. Assets were sold to SmartBank S.p.A of £280,225,493 (Dec 2022: £23,347,866) for a profit - £221,274 (Dec 2022: profit - £1,978,494).

The Group has a loan receivable as at 31 December 2023 from Cirdan International Inc, £5,253,285 (Dec 2022:£nil).

Cirdan Capital Management Ltd

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 December 2023

Notes to the Consolidated and Separate Annual Financial Statements continued...

Figures in £

35. Subsequent events

In December 2023, the Bank of Italy placed into administration SmartBank S.p.A, an independent company that had close associations with the Cirdan Group S.p.A, including SmartETN PLC.

In 2024, following the aforementioned event, market speculation resulted in the Group facing unprecedented demand to redeem its certificates early. Although there was no requirement to meet these demands, the Group met every request with a total of £114,755,312 of early redemptions made up to 31 August 2024. In the same period there were no new subscriptions, and SmartETN PLC was delisted from Borsa Italiana on 27 March 2024.

Following the events as mentioned above the directors acknowledge that there is a material uncertainty related to the going concern and will continue to monitor the situation closely.

The long-term strategy of the Group is to find strategic partners, who will provide additional financial resources and new commercial opportunities.

36. Approval of financial statements

The financial statements were approved by the Board of Directors on 30/9/2024 | 09:24:05 PDT.