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**STLC EUROPE NINE LEASING LIMITED**

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

Registration Number: 606952

## Contents

	<b>Page</b>
Directors and other information	2
Directors' report	3-5
Statement of Directors' responsibilities	6
Independent auditors' report	7-10
Statement of profit or loss and other comprehensive income	11
Statement of financial position	12
Statement of cash flows	13
Statement of changes in equity / (deficit)	14
Notes to the financial statements	15-36

## Directors and other information

<b>Directors</b>	Roman Lyadov (Russian national) – Resigned 6 September 2023 Patrick Flynn - Resigned on 15 March 2022 Declan Fitzpatrick – Resigned on 15 March 2022 Matthew Tracey – Appointed 6 September 2023 Caroline Jones – Appointed 6 September 2023 Patricia O'Connor – Appointed 6 September 2023
<b>Registered office</b>	3 Dublin Landings, North Wall Quay, Dublin 1, Ireland
<b>Secretary</b>	Flynn O'Driscoll Secretarial Limited – Resigned on 15 March 2022 1 Grant's Row, Mount Street Lower, Dublin 2, Ireland  STLC Europe Forty Leasing Limited – Appointed on 15 March 2022 3 Dublin Landings, North Wall Quay, Dublin 1, Ireland
<b>Independent auditor</b>	Grant Thornton Chartered Accountants and Statutory Audit Firm 13-18 City Quay, Dublin 2, Ireland D02 ED70
<b>Principal bankers</b>	J.P. Morgan Bank Luxembourg S.A., Dublin Branch 200 Capital Dock, 79 Sir John Rogerson's Quay, Dublin 2, Ireland D02 RK57
<b>Solicitors</b>	A&L Goodbody LLP, IFSC, 3 Dublin Landings, North Wall Quay, Dublin 1, Ireland
<b>Parent</b>	GTLK Europe Designated Activity Company ("DAC") – in Liquidation 3 <sup>rd</sup> Floor, 20 on Hatch Street Lower, Dublin 2, Ireland

## Directors' report

The Directors present their annual report and audited financial statements of STLC Europe Nine Leasing Limited (the "Company") for financial year ended 31 December 2021.

### Principal activities, business review and future developments

The Company is a limited liability Company incorporated under the Companies Acts 2014 of Ireland with a registration number of 606952. The principal activity of the Company is the purchase and lease of vessels.

The Company is a wholly owned subsidiary of GTLK Europe DAC - in Liquidation (the "Parent"), a company incorporated in Ireland with a registered address at 3<sup>rd</sup> Floor, 20 on Hatch Street Lower, Dublin 2, Ireland. The Parent is currently under the management and control of the liquidators pursuant to the Irish High Court order with effect from 31 May 2023. The Parent is a wholly owned subsidiary of JSC "GTLK", a company incorporated in Russia with a registered address at Room 100, Building 73, ul. Respubliki, Salekhard, Yamalo-Nenetsky Avtonomny Okrug, Russian Federation 629008 (the "Ultimate Parent").

During the prior year, the Company entered into a contract for the construction of one vessel for a total cost of EUR 123 million. During the year, the Company made pre delivery payments totalling EUR 49.2 million (2020: EUR 49.2 million) under this contract which was financed through intercompany loan agreements with the Parent. On the completion of the construction, 3 December 2021, the Company also entered into a lease agreement with a third party chartered for the finance lease of the same vessel.

Subsequent to the year end, as outlined in the 'Significant Subsequent Events' section in note 21, the Company has been severely impacted by the events which have unfolded in Russia and the Ukraine. Since the year end, due to sanctions the lessee ceased payments under the lease agreement and legal lease enforcement proceedings against the lessee are ongoing. Management is actively seeking commercial opportunities for the Company's vessel asset. The Directors do not expect the present level of activity to be sustained for the foreseeable future. The Directors continue to seek new opportunities for future growth and development of the Company.

### Principal risks and uncertainties

The following risks and uncertainties, to which the Company is exposed, are addressed in note 19 to these financial statements. These include:

- Geopolitical risk
- Foreign exchange risk
- Asset risk
- Credit risk
- Liquidity risk
- Interest rate risk

### Results and dividends for the year

The results for the year ended 31 December 2021 are set out in the Statement of Profit or Loss and Other Comprehensive Income on page 12 and in the Statement of Changes in Equity on page 15.

The Directors do not recommend payment of a dividend for the year ended 31 December 2021 (2020: Nil)

The Company earned a profit after taxation for the year of US\$ 7.9 million (2020: loss US\$ 6 million) and had net assets of US\$ 1.4 million (2020: net liabilities US\$ 6.5 million) as at 31 December 2021.

## **Directors' report (continued)**

### **Going concern**

The financial statements are prepared on a going concern basis, notwithstanding the fact that the Group, of which the Company's is part, is currently operating under global sanctions and the Company's Parent is currently operating under an Irish High Court liquidation order.

The Directors believe that the Company is a going concern having received a letter of support from the Parent, under the management and control of the liquidators, confirming that the Parent will continue to support the Company for a period of at least 12 months from the date of signing the financial statements. The Directors believe that the Parent has sufficient funds to support the Company in the short term.

Since the year end, the escalating geopolitical tensions resulting from the ongoing armed conflict between Russia and Ukraine have adversely affected the Russian economy. From February 26, 2022, the Group has operated under sanctions imposed by several countries. Please refer to Note 21 for details of significant subsequent events.

Legal lease enforcement proceedings against the lessee in respect of the Company's vessel are ongoing. At present it is not possible to reliably estimate the timing or future outcome of these proceedings. The situation continues to be monitored closely. However, the vessel's value is currently performing well in the market and current values are in excess of cost. As a result the Directors deemed it appropriate not to impair the asset at this point in time.

Management is actively seeking commercial opportunities for the Company's vessel asset. This process is ongoing and at the date of this report no formal agreements have been reached.

The going concern basis applied in these financials statements is heavily dependent on the successful sale of the Company and the continuation of its business under new management. At the date of signing this report all liabilities of the Company are relating to intercompany debt. The Parent is committed to supporting the Company for at least 12 months from the date of signing the financial statements and the Directors believe that the Parent has sufficient resources and liquidity to do so.

Based on their analysis, and all available information, the Directors believe that the Company will be able to meet its obligations as they fall due over the forthcoming twelve month period. Accordingly the Directors have concluded that it continues to be appropriate to prepare the financial statements of the Company on a going concern basis.

### **Interest of directors and company secretary**

The names of the Directors and Company Secretary together with details of appointments and resignations during the reporting period are listed on page 2.

The Directors and secretary including their families or nominees who held office at 31 December 2021 had no interests in the share capital of the Company or any other Group company at any time during the year.

### **Political donations**

The Company made no political donations during the year ended 31 December 2021 (2020: Nil).

### **Subsequent events**

Details of the subsequent events affecting the Company which have taken place since the end of the reporting period are disclosed in Note 21 in the financial statements.

## Directors' report (continued)

### Relevant audit information

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's statutory auditor is unaware; and each Director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's statutory auditor is aware of that information.

### Directors' compliance statement

The Company does not meet the qualifying conditions in accordance with Section 225(7) of the Companies Act 2014 for the requirement to provide a "Compliance Policy Statement".

### Accounting records

The Directors believe that they have complied with the requirements of Section 281 of the Companies Act 2014 with regard to keeping adequate accounting records by employing personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained at 2<sup>nd</sup> Floor, 2 Hume Street, Dublin 2 Ireland.

### Audit Committee

As at date of the financial statements, the Company is operating within the thresholds as set out under Section 167 (1) of the Act, and as such the Company does not meet the requirements to establish an audit committee for the current financial year ended 31 December 2021.

### Auditors

Grant Thornton, Chartered Accountants and Statutory Audit Firm will continue in office in accordance with Section 383(2) of the Companies Act 2014.

Signed on behalf of the Board of Directors by:



Matthew Tracey  
Director



Patricia O'Connor  
Director

Date 11/29/2024

## Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable law.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the Company financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that its financial statements comply with the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' report that complies with the requirements of the Companies Act 2014.

Signed on behalf of the Board of Directors by:



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Matthew Tracey  
Director



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Patricia O'Connor  
Director

Date: 11/29/2024

# Independent auditor's report to the members of STLC Europe Nine Leasing Limited

## Opinion

We have audited the financial statements of STLC Europe Nine Leasing Limited (the Company), which comprise the Statement of profit or loss and other comprehensive income, Statement of financial position, Statement of cash flows and Statement of changes in equity for the financial year ended 31 December 2021, and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, STLC Europe Nine Leasing Limited's financial statements:

- give a true and fair view in accordance with IFRS as adopted by the European Union of the assets, liabilities and financial position of the company as at 31 December 2021 and of its financial performance and cash flows for the financial year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act, 2014.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accountancy Supervisory Authority (IAASA), and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

# Independent auditor's report to the members of STLC Europe Nine Leasing Limited

## **Other information**

Other information comprises information included in the annual report, other than the financial statements and the auditor's report thereon, including the Director's Report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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 audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, 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.

## **Matters on which we are required to report by the Companies Act 2014**

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' report is consistent with the financial statements. Based solely on the work undertaken in the course of our audit, in our opinion, the Directors' report has been prepared in accordance with the requirements of the Companies Act 2014.

## **Matters on which we are required to report by exception**

Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of the Act have not been made. We have no exceptions to report arising from this responsibility.

# Independent auditor's report to the members of STLC Europe Nine Leasing Limited

## **Responsibilities of management and those charged with governance for the financial statements**

As explained more fully in the Statement of Directors' responsibilities, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS as adopted by the European Union, and for such internal control as they determine 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, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

## **Responsibilities of the auditor for the audit of the financial statements**

The auditor's 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 their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. The auditor will also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

# Independent auditor's report to the members of STLC Europe Nine Leasing Limited

## **Responsibilities of the auditor for the audit of the financial statements (continued)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

## **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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.

Colin Feely  
For and on behalf of  
**Grant Thornton**  
Chartered Accountants & Statutory Audit Firm  
Dublin

Date:

## Statement of profit or loss and other comprehensive income

For the year ended 31 December 2021

In thousands of US Dollars

	Note	2021	2020
<b>Revenue</b>			
Finance lease income	3	602	-
<b>Expenses</b>			
Management fee	18	(20)	(20)
General and administration expenses	4	(12)	(12)
Foreign translation differences gain / (loss)	4	8,463	(6,759)
Operating expense	6	(1)	-
Reversal of impairment loss / (impairment loss) on financial assets at amortised cost	5	152	(102)
<b>Results from operating activities</b>		<b>9,184</b>	<b>(6,893)</b>
Finance costs	8	(316)	-
<b>Profit / (loss) before income tax</b>		<b>8,868</b>	<b>(6,893)</b>
Total tax (charge) / credit	5	(956)	862
<b>Profit / (loss) for the year</b>		<b>7,912</b>	<b>(6,031)</b>
Other Comprehensive income (items that may or may not be reclassified to profit or loss)		-	-
<b>Total comprehensive profit / (loss) for the year</b>		<b>7,912</b>	<b>(6,031)</b>

All activities derive from continuing operations. All profits / (losses) and total comprehensive profit / (loss) for the year and the preceding financial year are attributable to the owners of the Company.

The accompanying notes form an integral part of these financial statements.

## Statement of financial position

As at 31 December 2021

In thousands of US Dollars

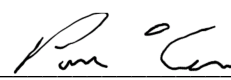
	Note	2021	2020
<b>Assets</b>			
Finance lease receivable	11	141,339	-
Deferred tax asset	15	-	933
Deposits for asset purchases	9	-	85,792
Other assets	10	284	-
<b>Total non-current assets</b>		<b>141,623</b>	<b>86,725</b>
Finance lease receivable	11	4,762	-
Receivable from related parties	18	-	789
Trade and other receivables	12	600	-
Cash and cash equivalents		277	-
Other assets	10	21	-
<b>Total current Assets</b>		<b>5,660</b>	<b>789</b>
<b>Total Assets</b>		<b>147,283</b>	<b>87,514</b>
<b>Equity / (Deficit)</b>			
Share capital	16	-	-
Retained earnings / (deficit)		1,382	(6,530)
<b>Total equity / (deficit)</b>		<b>1,382</b>	<b>(6,530)</b>
<b>Liabilities</b>			
Borrowings from shareholders	18	33,562	58,341
Loans and borrowings	14	100,387	-
Trade and other payables	13	2,265	1,043
<b>Total non-current liabilities</b>		<b>136,214</b>	<b>59,384</b>
Borrowings from shareholders	18	-	34,650
Loans and borrowings	14	9,198	-
Payable to related parties	11	453	-
Trade and other payables	13	36	10
<b>Total current liabilities</b>		<b>9,687</b>	<b>34,660</b>
<b>Total liabilities</b>		<b>145,901</b>	<b>94,044</b>
<b>Total equity and liabilities</b>		<b>147,283</b>	<b>87,514</b>

The accompanying notes form an integral part of these financial statements.

Signed on behalf of the Board of Directors by:



Matthew Tracey  
Director



Patricia O'Connor  
Director

Date 11/29/2024

## Statement of cash flows

For the year ended 31 December 2021

In thousands of US Dollars

	Note	2021	2020
<b>Cash flows from operating activities</b>			
Profit / (loss) for the year		7,912	(6,031)
<b>Adjustments for:</b>			
Finance costs	8	316	-
Lease deferred expense	6	1	-
Income tax	7	956	(862)
(Reversal of impairment loss) / impairment loss on financial assets at amortised cost	5,9	(152)	102
Increase in trade and other receivables	12	(602)	-
Increase in trade and other payables	13	2	1
Movement in related party balances	18	1,242	(903)
Security deposits received		1,307	955
<b>Net cash from / (used in) operating activities</b>		<b>10,982</b>	<b>(6,738)</b>
<b>Cash flows from investing activities</b>			
Deposits paid for the purchase of vessels	9	-	(56,422)
Capitalised costs	9	(41)	(20)
Acquisition of assets leased under sold finance lease	9	(57,187)	-
<b>Net cash used in investing activities</b>		<b>(57,228)</b>	<b>(56,442)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	14	124,318	-
Receipt of shareholder financing	18	29,234	56,422
Intercompany loans repaid	18	(84,075)	-
Payment of transaction costs related to loans and borrowings	14	(14,491)	-
<b>Net cash from financing activities</b>		<b>54,986</b>	<b>56,422</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>8,740</b>	<b>(6,758)</b>
Cash and cash equivalents at beginning of year		-	-
<b>Foreign translation differences</b>		<b>(8,463)</b>	<b>6,758</b>
<b>Cash and cash equivalents at 31 December</b>		<b>277</b>	<b>-</b>

The accompanying notes form an integral part of these financial statements.

## Statement of changes in equity / (deficit)

For the year ended 31 December 2021

In thousands of US Dollars

	Share Capital	Retained earnings / (deficit)	Total equity / (deficit)
<b>At 31 December 2019</b>	-	(499)	(499)
<b>Total comprehensive loss for the year</b>			
Loss for the year	-	(6,031)	(6,031)
<b>Transaction with shareholders</b>	-	-	-
<b>At 31 December 2020</b>		(6,530)	(6,530)
<b>Total comprehensive profit for the year</b>			
Profit for the year	-	7,912	7,912
<b>Transaction with shareholders</b>	-	-	-
<b>At 31 December 2021</b>		1,382	1,382

All equity is attributable to the holders of the ordinary shares in the Company.

The accompanying notes form an integral part of these financial statements.

## Notes to the financial statements

### 1. Reporting entity

STLC Europe Nine Leasing Limited (the "Company") is a limited liability company incorporated and domiciled in the Republic of Ireland. The address of the Company's registered office is 3 Dublin Landings, North Wall Quay, Dublin 1, Ireland. The financial statements of the Company are presented for the financial year ended 31 December 2021.

The Company is a wholly owned subsidiary of GTLK Europe DAC - in Liquidation (the "Parent"), a company incorporated in Ireland with a registered address at 3rd Floor, 20 on Hatch Street Lower, Dublin 2, Ireland. The Parent is currently under the management and control of the liquidators pursuant to the Irish High Court order with effect from 31 May 2023. The Parent is a wholly owned subsidiary of JSC "GTLK", a company incorporated in Russia with a registered address at Room 100, Building 73, ul. Respubliki, Salekhard, Yamalo-Nenetsky Avtonomny Okrug, Russian Federation 629008 (the "Ultimate Parent").

The Company's primary business is the purchasing and leasing of vessels.

### 2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") and in the case of the Company as applied in accordance with the Companies Act 2014. The Directors of the Company are of the view that the Company will continue as a going concern.

#### ***Going concern***

The financial statements are prepared on a going concern basis, notwithstanding the fact that the Group, of which the Company's is part, is currently operating under global sanctions and the Company's Parent is currently operating under an Irish High Court liquidation order.

The Directors believe that the Company is a going concern having received a letter of support from the Parent, under the management and control of the liquidators, confirming that the Parent will continue to support the Company for a period of at least 12 months from the date of signing the financial statements. The Directors believe that the Parent has sufficient funds to support the Company in the short term.

Since the year end, the escalating of geopolitical tensions resulting from the ongoing armed conflict between Russia and Ukraine have adversely affected the Russian economy. From February 26, 2022, the Group has operated under sanctions imposed by several countries. Please refer to Note 21 for details of significant subsequent events.

Legal lease enforcement proceedings against the lessee in respect of the Company's vessel are ongoing. At present it is not possible to reliably estimate the timing or future outcome of these proceedings. The situation continues to be monitored closely. However, the vessel's value is currently performing well in the market and current values are in excess of cost. As a result, the Directors deemed it appropriate not to impair the asset at this point in time.

## Notes to the financial statements

### 2. Accounting policies (continued)

#### ***Going concern (continued)***

Management is actively seeking commercial opportunities for the Company's vessel asset. This process is ongoing and at the date of this report no formal agreements have been reached.

The going concern basis applied in these financials statements is heavily dependent on the successful sale of the Company and the continuation of its business under new management. At the date of signing this report all liabilities of the Company are relating to intercompany debt. The Parent is committed to supporting the Company for at least 12 months from the date of signing the financial statements and the Directors believe that the Parent has sufficient resources and liquidity to do so.

Based on their analysis, and all available information, the Directors believe that the Company will be able to meet its obligations as they fall due over the forthcoming twelve month period. Accordingly the Directors have concluded that it continues to be appropriate to prepare the financial statements of the Company on a going concern basis.

#### ***Basis of measurement***

The financial statements are stated in United States Dollars ("US\$"), the functional currency of the Company. The Directors of the Company believe that US\$ most accurately represents the economic effects of underlying transactions, events and conditions.

#### ***Significant accounting policies***

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. IFRS applied in the preparation of these financial statements are those that were effective at 31 December 2021.

#### **Standards, amendments and interpretations that are effective from 1 January 2021 and adopted by the Company during the reporting period:**

The following amendments to existing IFRS became effective for and have been applied in preparing these financial statements.

- COVID-19-related rent concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The application of these amendments did not result in material changes to the Company's financial statements.

#### **Accounting standards in issue that are not yet effective and have not been early adopted:**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021 and have not been applied in preparing these financial statements. The Company does not plan to adopt these standards early; instead, it will apply them from their effective dates as determined by their dates of EU endorsement.

## Notes to the financial statements

### 2. Accounting policies (continued)

#### **Accounting standards in issue that are not yet effective and have not been early adopted: (continued)**

The following amendments are not expected to have a significant impact on the financial statements upon application:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- References to the Conceptual Framework (Amendments to IFRS 3)
- Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Deferred Tax related to Assets and Liabilities from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Lease Liability in Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lack of Exchangeability (Amendments to IAS 21)

There are no other new standards, amendments to standards and interpretations that are effective subsequent to the financial year-end that would have a material impact on the results or financial position of the Company.

#### ***Significant accounting judgements and estimates***

The preparation of the financial statements requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates with revisions being recognised prospectively. Estimates and underlying assumptions are reviewed on an ongoing basis.

Estimates and underlying assumptions are reviewed on an ongoing basis. Information about estimates and underlying assumptions that have a significant risk of resulting in a material adjustment to the results for the year ending 31 December 2021 is included in the following accounting policies:

- Assessment of leases (refer to Note 11 for carrying amounts)
- Recoverability of finance lease receivables (refer to Note 11 and Note 12 for carrying amount)

See the specific accounting policies for more detail of the judgements and estimates used.

## Notes to the financial statements

### 2. Accounting policies (continued)

**The following accounting policies have been applied in the Statement of Comprehensive Income and the Statement of Financial Position:**

#### ***Foreign currencies***

Transactions in foreign currencies are translated to US\$ at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities are retranslated to the functional currency at the currency rate ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency rate are translated using the exchange rate as at the date of initial transaction. Profit or losses arising from foreign currency translation and on settlement of amounts receivable and payable in other currencies are dealt with in the Statement of Comprehensive Income.

#### ***Leased assets***

##### *The Company as a lessor*

As a lessor the Company classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not. Amounts due from lessees under finance lease are recognised as receivables at the amount of the Company's finance lease receivables. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

#### ***Finance income and expense***

Interest income and expenses are recognised on an accrual basis by reference to the principal outstanding using the effective interest rate method.

#### ***Operating expenses***

Operating expenses have been recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

#### ***Taxation***

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous periods. It is measured using the tax rate enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria are met. Deferred tax is recognised in respect of temporary difference between the carrying amounts of assets and liabilities for the financial reporting purposes and the amount used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future profits will be available against which they can be used.

Deferred tax assets are reviewed at the reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profit will be available against which they can be used. Deferred tax assets and liabilities are offset only if certain criteria are met.

## Notes to the financial statements

### 2. Accounting policies (continued)

#### ***Cash and cash equivalents***

Cash and cash equivalents for the purpose of the Statement of Financial Position include cash on hand and deposits repayable on demand with any qualifying financial institution. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if a maturity or period of notice of not more than 24 hours or one working day has been agreed. Cash includes cash in hand and deposits denominated in foreign currencies.

Cash and cash equivalents for the purpose of Statement of Cash Flows includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

#### ***Trade and other receivables***

Trade and other receivables are stated net of impairment for expected credit losses.

#### ***Trade and other payables***

Trade and other payables are carried at amortised cost.

#### ***Loans and borrowings***

Loans and borrowings are initially booked at fair value less transaction costs and subsequently measured at amortised cost on the Statement of Finance Position using the effective interest method.

#### ***Borrowing costs***

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. The total amount of interest paid during a year is disclosed in the cash flows statement whether it has been recognised as an expense in profit or loss or capitalised.

#### ***Dividends***

Dividends are recognised in the financial statements when they have been appropriately approved or authorised by the Directors.

#### ***Share capital***

Ordinary shares are classified as equity as per the Company's Constitution.

#### ***Provisions***

A provision is recognised if, as a result of a past event, a present legal or constructive obligation exists that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

## Notes to the financial statements

### 2. Accounting policies (continued)

#### **Financial instruments**

##### *(i) Recognition and measurement*

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment- by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial instruments. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. The financial assets held by the Company and Company are trade receivables, cash and other receivables. IFRS 9 uses an expected credit loss ("ECL") model.

##### *(ii) Impairment of financial assets*

The impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.. IFRS 9 also covered the impairment of amounts recoverable under leases carried under IAS 17 / IFRS 16.

The financial assets at amortised cost consist of trade receivables and cash. Under IFRS 9, loss allowances are measured on either of the following bases:

## Notes to the financial statements

### 2. Accounting policies (continued)

#### **Financial instruments (continued)**

##### *(ii) Impairment of financial assets (continued)*

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has recorded ECLs on their financial assets measured at amortised cost and on its finance lease receivables in accordance with IFRS 9.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company recognises loss allowances for expected credit loss ("ECL") on:

- Financial assets measured at amortised cost including finance lease receivables;
- Debt instruments measured at FVOCI; and
- Lease commitments and financial guarantee contracts.

Financial assets measured at fair value, including debt investments or equity securities measured at FVTPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Under the simplified approach, impairment allowances are always measured at an amount equal to lifetime ECL or 12-month ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. If there is a significant increase in credit risk under the simplified approach.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are measured as followed:

- Financial assets that are not credit-impaired: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).
- Financial assets that are credit-impaired: as the difference between the gross carrying amount and the present value of estimated cash flows

The Company applied the simplified approach when calculating lifetime credit losses for lease receivables, loan receivables and contract assets. The Company applied the simplified provision matrix approach to recognise expected credit losses on trade and other receivables.

## Notes to the financial statements

**2. Accounting policies (continued)*****Financial instruments (continued)****(ii) Impairment of financial assets (continued)*

The Lifetime ECL is calculated by multiplying the lifetime Probability of default (PD) by Loss given default (LGD). PD estimates are calculated based on statistical rating models and assessed using rating tools tailored using both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The Company estimates LGD parameters are based on the history of recovery rates and consider the specific factors associated with the leased asset. LGD is calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

*Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

*(iii) Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised from the Company's statement of financial position when:

- The rights to receive cash flows from the asset have expired or;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

A financial liability is derecognised by the Company 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 and other comprehensive income.

## Notes to the financial statements

**2. Accounting policies (continued)*****Measurement of fair values***

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**3. Finance lease income**

<i>In thousands of US\$</i>	<b>2021</b>	<b>2020</b>
Finance lease income	602	-
Total finance lease income	602	-

Finance lease income arises from the leasing of one vessel (2020: none) under a finance lease.

**4. General and administration expenses**

<i>In thousands of US\$</i>	<b>2021</b>	<b>2020</b>
Administrative expenses	2	-
Legal and professional	8	12
Foreign translation differences (gain) / loss	(8,463)	6,759
Other expenses	2	-
Total general and administration expenses	(8,451)	6,771

The Company did not employ any persons during the year (2020: none). Staff are employed directly by the Parent and the cost of employees is borne by the Parent. The Company had three Directors during the year and the estimated cost of services provided by the Directors is US\$ 7k (2020: US\$ 3k) and was borne by the Parent.

The Company has not paid any fees or other remuneration to the Directors related to the Directorship role they provided to the Company as part of their group-wide executive management role. The amount of US\$ 7k (2020: US\$ 3k) is an estimated allocation of the emoluments paid or payable by the Parent to those individuals in relation to their group wide executive management role. The estimated allocation is based on an estimate of the qualifying services, including management of the affairs of the Company, they provided to the Company during the financial year.

Foreign translation differences relate to third-party borrowings, loans from the Parent and security deposit balances denoted in Euro.

## Notes to the financial statements

**5. Statutory information**

<i>In thousands of US\$</i>	<b>2021</b>	<b>2020</b>
The loss for the year has been arrived at after charging: Auditors' remuneration exclusive of VAT:		
Audit of financial statements	17	6
<b>Total</b>	<b>17</b>	<b>6</b>

<i>In thousands of US\$</i>	<b>2021</b>	<b>2020</b>
(Reversal of impairment loss) / impairment loss on financial assets at amortised cost	(152)	102
<b>Total</b>	<b>(152)</b>	<b>102</b>

**6. Operating expenses**

<i>In thousands of US\$</i>	<b>2021</b>	<b>2020</b>
Amortisation of lease deferred expenses	1	-
<b>Total operating expenses</b>	<b>1</b>	<b>-</b>

Deferred fees relate to initial direct cost incurred in negotiating and arranging finance lease which have been capitalised and are being amortised in line with the underlying lease agreement in accordance with the Company's accounting policy.

**7. Income tax expense included in the determination of profit for the year**

<i>In thousands of US\$</i>	<b>2021</b>	<b>2020</b>
<b>Current tax expense</b>		
Current period	23	-
Adjustments for prior periods	-	-
<b>Total current tax expense</b>	<b>23</b>	<b>-</b>
<b>Deferred tax liability / (asset)</b>		
Origination and reversal of temporary differences	933	(862)
Adjustment for prior periods	-	-
<b>Total deferred tax charge / (credit)</b>	<b>933</b>	<b>(862)</b>
<b>Total tax charge / (credit)</b>	<b>956</b>	<b>(862)</b>
<b>Reconciliation of effective tax rate</b>	<b>2021</b>	<b>2020</b>
<i>In thousands of US\$</i>		
Profit / (loss) for the year	8,868	(6,893)
Income tax using the Company's domestic tax rate (12.5%)	1,109	(862)
Group relief used	(153)	-
<b>Total tax charge / (credit)</b>	<b>956</b>	<b>(862)</b>

## Notes to the financial statements

**8. Finance costs**

<i>In thousands of US\$</i>	<b>2021</b>	<b>2020</b>
Interest expense		
- Third party	79	-
- Interest on shareholder loans	154	-
- Amortisation of deferred costs	83	-
Total finance cost	316	-

**9. Deposits for asset purchases**

Balance at 31 December 2019	27,441
Advanced during the year	56,422
Capitalised interest	2,011
Capitalised expenses	20
Less impairment allowance	(102)
Balance at 31 December 2020	85,792
Advanced during the year	57,187
Capitalised interest	3,712
Capitalised expenses	41
Reversal of impairment allowance	152
Transferred to net investment in lease upon delivery	(146,884)
Balance at 31 December 2021	-

**10. Other assets**

<i>In thousands of US\$</i>	<b>2021</b>	<b>2020</b>
Deferred charges	284	-
Total other non-current assets	284	-
Deferred charges	21	-
Total other current assets	21	-

**Deferred charges**

Initial direct costs associated with negotiating and arranging a lease are capitalised as deferred charges. This asset is amortised over the respective lease terms and amortisation recorded as part of operating expenses. The unamortised balance was included within the impairment assessment under IFRS 9.

**11. Finance lease receivable**

The total net investment in finance leases included in the Company statement of financial position represents total lease payments receivable in relation to one vessel as at 31 December 2021 (2020: none), net of finance charges related to future accounting periods. Finance charges are allocated to accounting periods so as to give a constant rate of return on the net cash investment in the lease. During 2021, the Company recognised interest income on lease receivables of US\$ 602k (2020: US\$ Nil).

## Notes to the financial statements

**11. Finance lease receivable (continued)**

Since the year end, due to sanctions the lessee ceased payments under the lease agreement. The vessel value is currently performing well in the market and current values are in excess of cost. As a result, the Directors deemed it appropriate not to impair the asset at this point in time. Legal lease enforcement proceedings against the lessee in respect of the Company's vessel are ongoing. The situation continues to be monitored closely.

Finance lease receivables are presented in the statement of financial position as follows:

<i>In thousands of US\$</i>	<b>2021</b>	<b>2020</b>
Non-current receivables	141,339	-
<b>Total non-current receivables</b>	<b>141,339</b>	<b>-</b>
Current receivables	4,762	-
<b>Total current receivables</b>	<b>4,762</b>	<b>-</b>
<i>In thousands of US\$</i>	<b>2021</b>	<b>2020</b>
Gross receivables from finance leases:		
No later than one year	12,123	-
Later than one year and no later than two years	12,123	-
Later than two year and no later than three years	12,123	-
Later than three year and no later than four years	12,123	-
Later than four year and no later than five years	12,123	-
Later than five years	163,026	-
<b>Total gross receivables from finance leases</b>	<b>223,641</b>	<b>-</b>
Unearned future finance income on finance leases:	(77,540)	-
<b>Net investment in finance leases</b>	<b>146,101</b>	<b>-</b>

**12. Trade and other receivables**

<i>In thousands of US\$</i>	<b>2021</b>	<b>2020</b>
Trade receivables	600	-
<b>Total trade and other receivables</b>	<b>600</b>	<b>-</b>

Trade receivables represent rent and other charges related to the lease of the vessel to the lessee, owing by the lessee.

Information about the Company's exposure to credit and market risks for trade receivables is included in note 19.

## Notes to the financial statements

**13. Trade and other payables**

<i>In thousands of US\$</i>	<b>2021</b>	<b>2020</b>
Other liabilities and accruals	36	10
Total current trade and other payables	36	10
<i>In thousands of US\$</i>	<b>2021</b>	<b>2020</b>
Deposit held	2,265	1,043
Total non-current trade and other payables	2,265	1,043

Deposit held relate to cash security received with respect of one vessel. The security deposit is refundable at the end of the contract lease period after all lease obligations have been met by the lessee.

**14. Loans and borrowings**

The contractual terms of the Company's interest-bearing loans and borrowings are;

<i>In thousands of US\$</i>	<b>2021</b>	<b>2020</b>
Secured bank loan	123,914	-
Accrued and unpaid interest	79	-
Total bank loans	123,993	-
Debt issuance costs	(14,408)	-
Net loans and borrowings	109,585	-
<i>In thousands of US\$</i>	<b>2021</b>	<b>2020</b>
<b>Non-current liabilities</b>		
Secured bank loan	113,588	-
Debt issuance costs	(13,201)	-
Total Non-current loans and borrowings	100,387	-
<b>Current liabilities</b>		
Secured bank loan	10,405	-
Debt issuance costs	(1,207)	-
Total current loans and borrowings	9,198	-

Amortisation of debt issuance costs included in finance expenses was US\$ 83k during the year ended 31 December 2021 (2020: US\$ Nil). The unamortised debt issuance costs amortise over the term of the related borrowing.

## Notes to the financial statements

## 14. Loans and borrowings (continued)

**Movements**

<i>In thousands of US\$</i>	<b>Total</b>
<b>Charges from finance cashflows</b>	
Loan issued	124,318
<b>Total charges from finance cashflows</b>	<b>124,318</b>
<b>Other charges</b>	
Interest expense	79
Debt issuance costs paid	(14,491)
Debt issuance costs amortised	83
Forex translation differences	(404)
<b>Total other charges</b>	<b>(14,733)</b>
<b>Balance at 31 December 2021</b>	<b>109,585</b>

Terms and conditions of outstanding loan at 31 December 2021 were as follows:

<i>In thousands of US\$</i>	<b>Average nominal interest rate</b>	<b>Year of maturity</b>	<b>2021</b>
<b>Fixed rate loans:</b>			
Secured bank loans	0.92%	2033	123,914
<b>Total interest-bearing liabilities</b>			<b>123,914</b>

Terms and conditions of outstanding loans at 31 December 2020 were as follows:

<i>In thousands of US\$</i>	<b>Average nominal interest rate</b>	<b>Year of maturity</b>	<b>2020</b>
<b>Fixed rate loans:</b>			
Secured bank loans	-	-	-
<b>Total interest-bearing liabilities</b>	-	-	-

In addition, the secured bank loan is guaranteed by the Ultimate Parent.

Due to sanctions, the secured bank loan was called in earlier. The loan was repaid in full on 28th March 2022 and was refinanced with an intergroup loan from the Parent.

Number of vessels used as collateral for the following facilities:

<b>Facility:</b>	<b>2021</b>	<b>2020</b>
Secured bank loan	1 Vessel	-

## Notes to the financial statements

**14. Loans and borrowings (continued)**

The aggregate principal repayment amounts of loans for each of the fiscal years subsequent to 31 December 2021 is as follows:

<i>In thousands of US\$</i>	<b>Principal cash flows</b>		<b>Contractual cash flow *</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Due within one year	10,326	-	11,446	-
Due between one and five years	113,588	-	119,553	-
<b>Total</b>	<b>123,914</b>	<b>-</b>	<b>130,999</b>	<b>-</b>

\* Contractual cash flows include both scheduled payments of principal and interest.

The loan was repaid early in 2022. As a result, the actual total principal and interest payments made subsequent to 31 December 2021 amounted to US\$ 121.5 million

**15. Deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

<i>In thousands of US\$</i>	<b>Assets 2021</b>	<b>Liabilities 2021</b>	<b>Net 2021</b>
Property, plant and equipment	-	-	-
Trade profits	-	-	-
Tax assets / (liabilities)	-	-	-
Deferred tax asset not recognised	-	-	-
<b>Net tax assets / (liabilities)</b>	<b>-</b>	<b>-</b>	<b>-</b>

<i>In thousands of US\$</i>	<b>Assets 2020</b>	<b>Liabilities 2020</b>	<b>Net 2020</b>
Property, plant and equipment	-	-	-
Trade losses	933	-	933
Tax assets / (liabilities)	933	-	933
Set off	-	-	-
<b>Net tax assets / (liabilities)</b>	<b>933</b>	<b>-</b>	<b>933</b>

In assessing the ability to realise the deferred tax assets, all available evidence is considered and weighed to determine whether derecognition of a deferred tax asset is needed or should be removed. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

The Company had no unrecognised deferred tax asset at 31 December 2021 (2020: US\$ NIL).

## Notes to the financial statements

**16. Share capital**

	<b>Share capital</b>
<i>In thousands of US\$</i>	
At 31 December 2020	-
At 31 December 2021	-

The authorised share capital of the Company at 31 December 2021 and 31 December 2020 comprised 100 ordinary shares of EUR 1 par value each.

The issued share capital of the Company at 31 December 2021 and 31 December 2020 comprised 100 ordinary share of EUR 1 each which is held by the parent and fully paid.

**17. Financial instruments fair value**

The following table shows the carrying values and fair values of financial assets and liabilities. Where the carrying value of financial assets and financial liabilities is a reasonable approximation of fair value no adjustment to fair value is recognised. Financial assets and liabilities are deemed to be within Level 2 of the fair value hierarchy

	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
<i>In thousands of US\$</i>	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
Cash and cash equivalents	277	277	-	-
Receivables from related parties	-	-	789	789
Trade and other receivables	600	600	-	-
Finance lease receivable	146,101	132,864	-	-
<b>Financial Assets</b>	<b>146,978</b>	<b>133,741</b>	<b>789</b>	<b>789</b>
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
<i>In thousands of US\$</i>	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
Borrowings from shareholder	(33,562)	(33,562)	(92,991)	(92,991)
Loans and borrowings	(123,993)	(123,780)	-	-
Trade and other payables	(2,301)	(1,529)	(1,053)	(914)
Payables to related parties	(453)	(453)	-	-
<b>Financial liabilities</b>	<b>(160,309)</b>	<b>(159,324)</b>	<b>(94,044)</b>	<b>(93,905)</b>
<b>Net financial liabilities</b>	<b>(13,331)</b>	<b>(25,583)</b>	<b>(93,255)</b>	<b>(93,116)</b>

The fair value of financial assets and financial liabilities are measured as the net present value of the future cash flows in relation to the financial assets and liabilities discounted at the underlying interest rate as adjusted for movements in market interest rates with the exception of borrowings from shareholders.

The carrying value for borrowings from shareholders is the same as the fair value as the loans have a payable on demand feature and are not discounted on initial recognition.

## Notes to the financial statements

**18. Related party transactions**

The Company considers GTLK Europe DAC, its subsidiaries and all entities controlled by GTLK Europe DAC as related parties.

**(a) Balances with shareholder**

Balance at 31 December 2019	27,888
Drawdowns	56,422
Net movement in interest accrued	2,011
Foreign translation differences	6,670
Balance at 31 December 2020	92,991
Drawdowns	29,234
Net movement in interest accrued	3,866
Repayments during the year	(84,075)
Foreign translation differences	(8,454)
Balance at 31 December 2021	33,562

During the year the Company entered into three new loan agreements with the Parent. All loans from the Parent are denoted in EUR and interest on the loans accrues at rates between 3.57 % and 6.35%. The loans from the Parent are repayable between 2025 and 2026. Early repayments by agreement of both parties to the loan agreements are permitted.

**(b) Transactions with related parties**

<b>Receivables</b>	<b>2021</b>	<b>2020</b>
<i>In thousands of US\$</i>		
Receivables from the Parent	-	789
Total	-	789
<b>Payables</b>	<b>2021</b>	<b>2020</b>
<i>In thousands of US\$</i>		
Payables to the Parent	453	-
Total	453	-

Balances with related parties are receivable / payable on demand and non-interest bearing.

**(c) Expenses**

During the year ended 31 December 2021, the Company incurred US\$ 20k (2020: US\$ 20k) in management fees payable to the Parent.

The Company incurred total interest expenses of US\$ 3.866k on loans from the Parent during the year, of which US\$ 3.712k were capitalised and US\$ 154k were expensed (2020: capitalised expenses US\$ 2 million).

## Notes to the financial statements

### 19. Risks and uncertainties

The Company's Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's exposure to risk on its financial instruments and the management of such risk is carried out on an ongoing basis. The Company's activities and the role of each party to the transaction are clearly defined and documented.

The Directors monitor the Company's performance, reviewing management accounts on the performance of the loan and lease portfolio. Such review is designed to ensure that the terms of the documentation have been complied with and that no unforeseen risks have arisen.

#### **Geopolitical Risk**

Since the year end, the escalation of geopolitical tension resulting from the ongoing armed conflict between Russia and Ukraine has had a negative impact on the economy of the Russian Federation. Since 26 February 2022 the Group, of which the Company is a part, has operated under sanctions imposed by a number of countries. According to official data, the Ultimate Parent Company, JSC GTLK, was included in the fifth package of sanctions imposed by the European Union (hereinafter — the EU). For further information refer to note 21 significant subsequent events.

The conflict has and will continue to have short and longterm consequences on the shipping industry. There is uncertainty as to how future developments of this conflict will affect the Company, however, the vessel's value is currently performing well in the market and current values are in excess of cost. Commercial negotiations are ongoing with the lessee and as a result the Directors deemed it appropriate not to impair the asset at this point in time. The situation continues to be monitored closely. Management is taking all measures necessary to ensure compliance with sanctions and to ensure the stability of the Group's operations (including subsidiaries' operations). The Directors are actively monitoring the situation and continue to manage the company's assets within investment and risk parameters that have been established.

#### **Asset risk**

The Company bears the risk of re-leasing or selling the vessels in its fleet at the end of their lease terms. If demand for vessels decreases market lease rates may fall, and should such conditions continue for an extended period, it could affect the market value of vessel in the fleet and may result in an impairment charge. The Directors have employed personnel with appropriate experience of the shipping industry to manage the fleet and remarket or sell vessels as required in order to reduce this risk.

The Company is highly dependent upon the continuing financial strength of the commercial shipping industry. A significant deterioration in this sector could adversely affect the Company through a reduced demand for vessels in the fleet and / or reduced market rates and higher incidences of lessee default and an increase in vessels being docked.

The Company periodically performs reviews of its carrying values of vessel and associated assets, trade receivables, notes receivables and the recoverable amount of deferred tax assets and the sufficiency of accruals and provisions, substantially all of which are susceptible to the above risks and uncertainties. There is a material risk to the value of the Company's finance lease asset if repossessed. There is a significant level of uncertainty in terms of timing when, and if, this vessel redeliver to the Company would occur and as a result the vessel may suffer deterioration in maintenance condition due to inadequate maintenance and lack of components. Material judgements also apply in respect of the identification and subsequent measurement of impairment, which relies on a measurement of current market value or specific maintenance condition of the vessel. A decrease in current market value due to the on-going and evolving geopolitical situation in Ukraine / Russia and the Covid-19 outbreak may result in additional impairment of related assets.

## Notes to the financial statements

**19. Risks and uncertainties (continued)****Foreign exchange risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. The Company's loans and lease transactions are both denominated in Euro hence any unfavorable movement in exchange rates on loans balances will be matched by and equally favorable movement on leases balances on delivery of the asset, and vice versa. Prior to lease delivery the Company had exposure to exchange rates risk due to loans payable denoted in Euro.

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company has fixed interest rates per annum on loans and is therefore not exposed to fluctuations in interest rates. As a result, no sensitivity analysis is included.

**Credit risk**

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of counterparties to meet their obligations. The Company holds cash balances which are invested on a short term basis and are classified as cash and cash equivalents. These deposits and other financial instruments give rise to credit risk on amounts due from counterparties. Credit risk is managed by limiting the aggregate amount and duration of exposure to any one counterparty. The Company typically does not enter into deposits with a duration of more than three months.

*Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure before security. The maximum exposure to credit risk at the reporting date was:

<i>In thousands of US\$</i>	<b>Note</b>	<b>2021</b>	<b>2020</b>
Cash and cash equivalents		277	-
Receivable from related parties	18	-	789
Trade and other receivables	12	600	-
Finance lease receivable	11	146,101	-
<b>Total</b>		<b>146,978</b>	<b>789</b>

Receivables represent rent, maintenance and other charges related to the lease of the vessel to the lessee.

The Company's leasing arrangements require lessees to pay rentals in arrears and to provide security deposits. An early termination of a lease due to a credit event may expose the Company to consequential economic loss due to lower rentals being available from replacement lessees and also possible costs associated with repossession, repair and maintenance and transitioning of the vessel to a new lessee or selling of vessel.

The Company continues to monitor the economic environment of its customers. Credit loss provisions were revised during the reporting period in line with the changing economic and lessee specific circumstances. This has not resulted in the impairment of balances that originated in the pre-Russian Ukraine war.

## Notes to the financial statements

## 19. Risks and uncertainties (continued)

## Credit risk (continued)

<i>In thousands of US\$</i>	Neither past due nor impaired 2021	Impaired 2021	Total 2021
Measured at amortised cost:			
Trade and other receivables	600	-	600
Finance lease receivable	146,101	-	146,101
<b>Total</b>	<b>146,701</b>	<b>-</b>	<b>146,701</b>

<i>In thousands of US\$</i>	Neither past due nor impaired 2020	Impaired 2020	Total 2020
Measured at amortised cost:			
Receivables from related parties	789	-	789
<b>Total</b>	<b>789</b>	<b>-</b>	<b>789</b>

## Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The Company has funded a significant part of its operations with debt financing. The ability of the Company to continue to operate is dependent upon its ability to meet its payment obligations which are dependent, among other things, upon the factors outlined above. The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

<i>In thousands of US\$</i> 2021	Carrying amount	Contractual cash flows	12 months or less	Between 2 and five years	After 5 years
Borrowings from shareholder	33,562	38,549	-	38,549	-
Loans and borrowings	123,993	130,999	11,446	44,823	74,730
Trade and other payables	2,301	2,301	36	-	2,265
Payables to related parties	453	453	453	-	-
<b>Total</b>	<b>160,309</b>	<b>172,302</b>	<b>11,935</b>	<b>83,372</b>	<b>76,995</b>

<i>In thousands of US\$</i> 2020	Carrying amount	Contractual cash flows	12 months or less	Between 2 and five years	After 5 years
Borrowings from shareholder	92,991	97,814	35,854	61,960	-
Trade and other payables	1,053	1,053	10	-	1,043
<b>Total</b>	<b>94,044</b>	<b>98,867</b>	<b>35,864</b>	<b>61,960</b>	<b>1,043</b>

Due to sanctions, 3<sup>rd</sup> party loans and borrowings was called in earlier and were repaid in full on 28<sup>th</sup> March 2022. The early repayment was financed by an intergroup loan from a related party. It is not expected that the cash flows in the maturity analysis for borrowings from shareholders and trade and other payables could occur significantly earlier, or at significantly different amounts.

## Notes to the financial statements

### 20. Commitments and contingent liabilities

Refer to Note 14 for the future commitments to long term loans and Note 19 for the future commitments to related party loans. There have been no other capital commitments other than those stated above as at 31 December 2021.

There were no contingent liabilities at 31 December 2021. Contingent liabilities are assessed continually to determine whether transfers of economic benefits have become probable. Where future transfers of economic benefits change from previously disclosed contingent liabilities, provisions are recognised in the period in which the changes in probability occur.

### 21. Significant subsequent events

Since the year end, the escalation of geopolitical tension resulting from the ongoing armed conflict between Russia and Ukraine has had a negative impact on the economy of the Russian Federation. The European Union, the USA and a number of other countries imposed new sanctions on a number of Russian state-owned and commercial entities, including banks, individuals and certain industries, as well as restrictions on certain types of transactions. Some international companies announced the suspension of operations in Russia or the termination of product supplies to Russia. These factors caused a substantially increased instability in financial markets, frequent and significant price changes, weakening of the rouble against key world currencies, volatility of demand and prices in international oil and gas markets.

Since 26 February 2022 the Group, of which the Company is a part, has operated under sanctions imposed by a number of countries. According to official data, the Ultimate Parent Company, JSC GTLK, was included in the fifth package of sanctions imposed by the European Union (hereinafter — the EU).

The sanctions, among other implications, provide for:

- Prohibition to provide insurance and reinsurance, directly or indirectly, in relation to vessels to any person, entity or body in Russia or for use in Russia;
- Prohibition to sell, supply, transfer or export, directly or indirectly, goods and technology suited for use in shipping industry to any natural or legal person, entity or body in Russia;
- Prohibition to provide any one or any combination of the following activities; overhaul, repair, inspection, replacement, modification or defect rectification of a vessel or component to any natural or legal person, entity or body in Russia or for use in Russia.

The Group factors these sanctions into its operations, regularly monitors them and analyses their effect on the financial position and financial performance.

In March 2022, due to sanctions a third-party financier called in its loan to the Company. On 28th March 2022 the loan was repaid in full and was refinanced with an intergroup loan from a related party.

On 21 April 2022 the United Kingdom imposed sanctions on the Group followed by the U.S. on 2 August 2022.

On 31 May 2023 by order of the Irish High Court the Company's Parent together with one of the Parents subsidiaries, GTLK Europe Capital DAC, were placed into liquidation. Damien Murran and Julian Moroney of Teneo Restructuring Ireland were appointed as joint liquidators.

## Notes to the financial statements

### **21. Significant subsequent events (continued)**

The conflict between Russian and Ukraine is a significant geopolitical and economic event for the global economy and in particular the shipping industry and there is uncertainty over how the future development of this conflict will affect the Company. Legal lease enforcement proceedings against the lessee in respect of the Company's vessel are ongoing. At present it is not possible to reliably estimate the timing or future outcome of these proceedings. The situation continues to be monitored closely. However, the vessel's value is currently performing well in the market and current values are in excess of cost. As a result the Directors deemed it appropriate not to impair the asset at this point in time. The situation continues to be monitored closely.

Management is actively seeking commercial opportunities for the Company's vessel asset. This process is ongoing and at the date of this report no formal agreements have been reached.

Management is taking all measures necessary to ensure compliance with sanctions and to ensure the stability of the Group's operations (including subsidiaries' operations).

There have been no other significant events since the year end until the date of signing of this report that would require adjustment or disclosure in these financial statements.

### **22. Immediate and ultimate parent company**

The Company is a wholly owned subsidiary of GTLK Europe DAC - in Liquidation (the "Parent"), a company incorporated in Ireland with a registered address at 3<sup>rd</sup> Floor, 20 on Hatch Street Lower, Dublin 2, Ireland. The Parent is currently under the management and control of the liquidators pursuant to the Irish High Court order with effect from 31 May 2023. The Parent is a wholly owned subsidiary of JSC "GTLK", a company incorporated in Russia with a registered address at Room 100, Building 73, ul. Respubliki, Salekhard, Yamalo-Nenetsky Avtonomny Okrug, Russian Federation 629008 (the "Ultimate Parent").

On the 11th July 2023, pursuant to a High Court order, the court declared that the presumption of control by 'JSC GTLK' (the "Ultimate Parent") is rebutted in circumstances where the joint liquidators have been appointed to the companies by the High Court. As a result, the restrictive measures under Article 2 of Council Regulation (EU) No 269/2014 is rebutted and the assets of the Company are under the control of the joint liquidators who are the only persons entitled to deal with the assets of the Company.

### **23. Charges**

The Company had three charges registered with the companies' registration office in favour of a third-party financier. These charges were subsequently satisfied in 2022.

### **24. Approval of financial statements**

The financial statements were approved by the Board and authorised for issue on 22 November 2024.