
STLC EUROPE NINE LEASING LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

Registration Number: 606952

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Directors and other information

Directors	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
Registered office	25 North Wall Quay, Dublin 1, Ireland
Secretary	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 25 North Wall Quay, Dublin 1, Ireland
Independent auditor	Grant Thornton Chartered Accountants and Statutory Audit Firm 13-18 City Quay, Dublin 2, Ireland D02 ED70
Principal bankers	J.P. Morgan Bank Luxembourg S.A., Dublin Branch 200 Capital Dock, 79 Sir John Rogerson's Quay, Dublin 2, Ireland D02 RK57
Solicitors	A&L Goodbody LLP, 25 North Wall Quay, Dublin 1, Ireland
Parent	GTLK Europe Designated Activity Company ("DAC") – in Liquidation 3 rd 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 2022.

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 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").

As at 31 December 2022, the Company owns one vessel (the "Vessel") (2021: one vessel) which was leased under finance lease to a third party lessee.

Subsequent to the year end, as outlined in the 'Significant Subsequent Events' section in note 21, 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 Murrán and Julian Moroney of Teneo Restructuring Ireland were appointed as joint liquidators. 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 2022 are set out in the Statement of Profit or Loss and Other Comprehensive Income on page 11 and in the Statement of Changes in Equity on page 14.

The Directors do not recommend payment of a dividend for the year ended 31 December 2022 (2021: Nil)

The Company earned a loss after taxation for the year of US\$ 21.4 million (2021: profit US\$ 7.9 million) and had net liabilities of US\$ 20 million (2021: net assets US\$ 1.4 million) as at 31 December 2022.

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, 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. 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. As a result of the ongoing conflict, the international sanctions and their impact on the Company, an impairment loss on financial assets of US\$ 3.9 million (2021: US\$ 0.1 million reversal) was recognised at 31 December 2022 in relation to outstanding finance lease payments.

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 the Parent has sufficient resources and liquidity, supported by expected insurance-claim proceeds on Group assets, 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 2022 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 2022 (2021: 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 25 North Wall Quay, Dublin 1 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 2022.

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



Caroline Jones
Director

Date 24/11/2025

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:



Matthew Tracey
Director



Caroline Jones
Director

Date: 24/11/2025

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 deficit for the financial year ended 31 December 2022, 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 IFRS Accounting Standards as adopted by EU ("IFRS") (the "relevant accounting framework").

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

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2022 and of its financial performance and cash flows for the financial year then ended; and
- have been properly prepared in accordance with the relevant accounting framework, 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 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the Company. 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

In forming our opinion, which is not modified, we draw attention to the disclosures made in the Directors' Report and Note 2 to the financial statements concerning the Company's ability to continue as a going concern.

The Company is under the management and control of the liquidators of the Parent Company, GTLK Europe Capital DAC. The going concern basis applied in these financial statements is heavily dependent on the receipt of insurance claim proceeds of the Group, the successful sale of the Company and the continuation of its business under new management. While the Company is pursuing all available insurance and legal claims related to the aircraft, the timing and amount of recovery under these claims are uncertain. As of the date of signing this report, all liabilities of the Company relate to intercompany debt from the Parent.

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

Material uncertainty related to going concern (continued)

The ultimate outcome of the matters noted above and in note 2 of the financial statements cannot presently be determined and these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

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 at least 12 months from the date of signing the financial statements. The Directors are confident that the Parent has sufficient funds to support the Company in the short term. On this basis, the Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future.

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.

Opinion on the matters prescribed by the Companies Act 2014

We have obtained all the information and explanations which to the best of our knowledge and belief, we considered 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 statement of financial position and income statement are in agreement with the accounting records and returns.

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

- the information given in the Directors' report for the financial year is consistent with the financial statements.
- the Directors' report has been prepared in accordance with applicable legal requirements, excluding the requirements on sustainability reporting in Part 28.

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

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

Matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of sections 305 to 312 of the Act, which relate to the disclosure of directors' remuneration and transactions with directors have not been complied with by the company. We have nothing to report in this regard.

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

As explained more fully in the Directors' responsibilities statement, 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 and for the preparation of financial statements that give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

The objectives of an auditor 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 (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.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

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

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.



Shahnawaz Mirza

For and on behalf of

Grant Thornton

Chartered Accountants & Statutory Audit Firm

Dublin 2

Ireland

25 November 2025

STLC EUROPE NINE LEASING LIMITED

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2022

In thousands of US Dollars

	Note	2022	2021
Revenue			
Finance lease income	3	6,842	602
Other income	4	388	-
Expenses			
Management fee	18	(20)	(20)
General and administration expenses	5	(439)	(12)
Foreign translation differences (loss) / gain	5	(2,789)	8,463
Operating expense	7	(23)	(1)
(Impairment loss) / reversal of impairment loss on financial assets at amortised cost	6	(3,917)	152
Results from operating activities		42	9,184
Finance Income			
Finance Income	9	9	-
Finance Costs			
Finance Costs	9	(21,459)	(316)
(Loss) / profit before income tax		(21,408)	8,868
Total tax charge			
Total tax charge	8	-	(956)
(Loss) / profit for the year		(21,408)	7,912
Other Comprehensive income (items that may or may not be reclassified to profit or loss)			
		-	-
Total comprehensive (loss) / profit for the year		(21,408)	7,912

All activities derive from continuing operations. All (losses) / profits and total comprehensive (loss) / profits 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.

STLC EUROPE NINE LEASING LIMITED

Statement of financial position

As at 31 December 2022

In thousands of US Dollars

	Note	2022	2021
Assets			
Finance lease receivable	11	128,385	141,339
Deferred tax asset	15	-	-
Other assets	10	290	284
Total non-current assets		128,675	141,623
Finance lease receivable	11	9,202	4,762
Receivable from related parties	18	25	-
Trade and other receivables	12	4,075	600
Cash and cash equivalents		3,676	277
Other assets	10	23	21
Total current Assets		17,001	5,660
Total Assets		145,676	147,283
(Deficit) / Equity			
Share capital	16	-	-
(Deficit) / retained earnings		(20,026)	1,382
Total (deficit) / equity		(20,026)	1,382
Liabilities			
Borrowings from shareholders	18	35,605	33,562
Borrowings from related parties	18	127,203	-
Loans and borrowings	14	-	100,387
Trade and other payables	13	2,133	2,265
Total non-current liabilities		164,941	136,214
Loans and borrowings	14	-	9,198
Payable to related parties	18	583	453
Trade and other payables	13	178	36
Total current liabilities		761	9,687
Total liabilities		165,702	145,901
Total equity and liabilities		145,676	147,283

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

Signed on behalf of the Board of Directors by:



Matthew Tracey
Director



Caroline Jones
Director

Date 24/11/2025

Statement of cash flows

For the year ended 31 December 2022

In thousands of US Dollars

	Note	2022	2021
Cash flows from operating activities			
Profit / (loss) for the year		(21,408)	7,912
Adjustments for:			
Finance costs	9	21,459	316
Lease deferred expense	7	23	1
Income tax charge	8	-	956
Impairment loss / (Reversal of impairment loss) on financial assets at amortised cost	6	3,917	(152)
Increase in trade and other receivables	12	(7,374)	(602)
Increase in trade and other payables	13	142	2
Movement in related party balances	18	105	1,242
Security deposits received		-	1,307
Interest received	9	9	-
Lease deferred expense	10	(31)	-
Net cash (used in) / from operating activities		(3,158)	10,982
Cash flows from investing activities			
Capitalised costs		-	(41)
Acquisition of assets leased under sold finance lease		-	(57,187)
Net cash used in investing activities		-	(57,228)
Cash flows from financing activities			
Proceeds from borrowings	14	-	124,318
Repayment of loans and borrowings	14	(120,425)	-
Receipt of shareholder financing	18	2,841	29,234
Receipt of related parties financing	18	122,048	-
Intercompany loans repaid	18	-	(84,075)
Interest paid	14	(324)	-
Payment of transaction costs related to loans and borrowings	14	(372)	(14,491)
Net cash from financing activities		3,768	54,986
Net increase in cash and cash equivalents		610	8,740
Cash and cash equivalents at beginning of year		277	-
Foreign translation differences		2,789	(8,463)
Cash and cash equivalents at 31 December		3,676	277

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

STLC EUROPE NINE LEASING LIMITED

Statement of changes in (deficit) / equity

For the year ended 31 December 2022

In thousands of US Dollars

	Share Capital	Retained earnings / (deficit)	Total equity / (deficit)
At 31 December 2020	-	(6,530)	(6,530)
Total comprehensive loss for the year			
Profit for the year	-	7,912	7,912
Transaction with shareholders	-	-	-
At 31 December 2021		1,382	1,382
Total comprehensive profit for the year			
Loss for the year	-	(21,408)	(21,408)
Transaction with shareholders	-	-	-
At 31 December 2022		(20,026)	(20,026)

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 25 North Wall Quay, Dublin 1, Ireland. The financial statements of the Company are presented for the financial year ended 31 December 2022.

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, 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. 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. As a result of the ongoing conflict, the international sanctions and their impact on the Company, an impairment loss on financial assets of US\$ 3.9 million was recognised at 31 December 2022 in relation to outstanding finance lease payments.

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 financial 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 the Parent has sufficient resources and liquidity, supported by expected insurance-claim proceeds on Group assets, 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 2022.

Standards, amendments and interpretations that are effective from 1 January 2022 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.

- Amendments to IFRS 3 – Reference to the Conceptual Framework
- Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts—Cost of Fulfilling a Contract
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture- Annual Improvements to IFRS Standards 2018–2020 Cycle

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 2022 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)
- 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)
- IAS 1 Non-current Liabilities with Covenants
- IAS 16 Leases on Sale and Leaseback
- IAS 21 Lack of Exchangeabilities

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 2022 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 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>	2022	2021
Finance lease income	6,842	602
Total finance lease income	6,842	602

Finance lease income arises from the leasing of one vessel (2021: one) under a finance lease.

4. Other income

<i>In thousands of US\$</i>	2022	2021
Late payment interest	363	-
Other income	25	-
Total other income	388	-

Late payment interest arose on unpaid rentals.

5. General and administration expenses

<i>In thousands of US\$</i>	2022	2021
Administrative expenses	1	2
Legal and professional	438	8
Foreign translation differences loss / (gain)	2,789	(8,463)
Other expenses	-	2
Total general and administration expenses	3,228	(8,451)

The Company did not employ any persons during the year (2021: none). Staff are employed directly by the Parent and the cost of employees is borne by the Parent. The Company had one director for the full financial year (2021: three directors). Two directors resigned in March 2022 on the commencement of sanctions against the Parent. The estimated cost of services provided by the Directors is US\$ 2k (2021: US\$ 7k) and was borne by the Parent.

Notes to the financial statements

5. General and administration expenses (continued)

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\$ 2k (2021: US\$ 7k) 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.

6. Statutory information

<i>In thousands of US\$</i>	2022	2021
The loss for the year has been arrived at after charging:		
Auditors' remuneration exclusive of VAT:		
Audit of financial statements	22	17
Total	22	17
<i>In thousands of US\$</i>	2022	2021
Impairment loss / (reversal of impairment loss) on financial assets at amortised cost	3,917	(152)
Total	3,917	(152)

7. Operating expenses

<i>In thousands of US\$</i>	2022	2021
Amortisation of lease deferred expenses	23	1
Total operating expenses	23	1

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.

Notes to the financial statements

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

<i>In thousands of US\$</i>	2022	2021
Current tax expense		
Current period	-	23
Total current tax expense	-	23
Deferred tax liability		
Origination and reversal of temporary differences	-	933
Total deferred tax charge	-	933
Total tax charge	-	956
Reconciliation of effective tax rate	2022	2021
<i>In thousands of US\$</i>		
(Loss) / profit for the year	(21,408)	8,868
Income tax using the Company's domestic tax rate (12.5%)	(2,676)	1,109
Group relief used	-	(153)
Movement in unrecognised deferred tax asset	2,676	-
Total tax charge	-	956

9. Finance costs

<i>In thousands of US\$</i>	2022	2021
Interest income		
- Bank interest income	9	-
Total finance income	9	-
Interest expense		
- Third party	(247)	(79)
- Interest on shareholder loans	(1,277)	(154)
- Interest on related parties loans	(5,155)	-
Premium on early repayment of loans and borrowing	(332)	-
Amortisation of deferred costs	(14,448)	(83)
Total finance cost	(21,459)	(316)
Net finance costs	(21,450)	(316)

10. Other assets

<i>In thousands of US\$</i>	2022	2021
Deferred charges	290	284
Total other non-current assets	290	284
Deferred charges	23	21
Total other current assets	23	21

Notes to the financial statements

10. Other assets (continued)**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 2022 (2021: one), 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 2022, the Company recognised interest income on lease receivables of US\$ 6.8 million (2021: US\$ 602k).

During the year, 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>	2022	2021
Non-current receivables	128,385	141,339
Total non-current receivables	128,385	141,339
Current receivables	9,202	4,762
Total current receivables	9,202	4,762
<i>In thousands of US\$</i>	2022	2021
Gross receivables from finance leases:		
No later than one year	22,833	12,123
Later than one year and no later than two years	11,417	12,123
Later than two year and no later than three years	11,417	12,123
Later than three year and no later than four years	11,417	12,123
Later than four year and no later than five years	11,417	12,123
Later than five years	142,107	163,026
Total gross receivables from finance leases	210,608	223,641
Unearned future finance income on finance leases:	(73,021)	(77,540)
Net investment in finance leases	137,587	146,101

Notes to the financial statements

12. Trade and other receivables

<i>In thousands of US\$</i>	2022	2021
Trade receivables	7,875	600
Other receivables	117	-
Less impairment allowance	(3,917)	-
Total trade and other receivables	4,075	600

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

The Company had the following activity in allowance for impairment of receivables:

<i>In thousands of US\$</i>	
Balance at 31 December 2021	-
Charge for the year	3,917
Balance at 31 December 2022	3,917

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

13. Trade and other payables

<i>In thousands of US\$</i>	2022	2021
Other liabilities and accruals	178	36
Total current trade and other payables	178	36

<i>In thousands of US\$</i>	2022	2021
Deposit held	2,133	2,265
Total non-current trade and other payables	2,133	2,265

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>	2022	2021
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

Notes to the financial statements

14. Loans and borrowings (continued)

<i>In thousands of US\$</i>	2022	2021
Non-current liabilities		
Secured bank loan	-	113,588
Debt issuance costs	-	(13,201)
Total Non-current loans and borrowings	-	100,387
Current liabilities		
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\$ 14.4 million during the year ended 31 December 2022 (2021: US\$ 83k). The unamortised debt issuance costs amortise over the term of the related borrowing.

Movements

<i>In thousands of US\$</i>	Total
Balance at 1 January 2022	109,585
Charges from finance cashflows	
Loan repaid	(120,425)
Forex translation differences	(3,489)
Total charges from finance cashflows	(123,914)
Other charges	
Interest expense	247
Interest paid	(324)
Debt issuance costs paid	(40)
Debt issuance costs amortised	14,448
Forex translation differences	(2)
Total other charges	14,329
Balance at 31 December 2022	-

Terms and conditions of outstanding loans at 31 December 2022 were as follows:

<i>In thousands of US\$</i>	Average nominal interest rate	Year of maturity	2022
Fixed rate loans:			
Secured bank loans	-	-	-
Total interest-bearing liabilities	-	-	-

Notes to the financial statements

14. Loans and borrowings (continued)

Terms and conditions of outstanding loan at 31 December 2022 were as follows:

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

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:

Facility:	2022	2021
Secured bank loan	-	1 Vessel

The aggregate principal repayment amounts of loans for each of the fiscal years subsequent to 31 December 2022 is as follows:

<i>In thousands of US\$</i>	Principal cash flows		Contractual cash flow *	
	2022	2021	2022	2021
Due within one year	-	10,326	-	11,446
Due between one and five years	-	113,588	-	119,553
Total	-	123,914	-	130,999

* 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, interest payments and associated costs made during the year ended 31 December 2022 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>	Assets 2022	Liabilities 2022	Net 2022
Property, plant and equipment	-	-	-
Trade losses	2,676	-	2,676
Tax assets / (liabilities)	2,676	-	2,676
Deferred tax asset not recognised	(2,676)	-	(2,676)
Net tax assets / (liabilities)	-	-	-

Notes to the financial statements

15. Deferred tax assets and liabilities (continued)

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

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.

At 31 December 2022, the Company had an unrecognised deferred tax asset of US\$ 2.7 million (2021: US\$ NIL) in respect of tax losses due to concerns around the timing of recovery. The Company is allowed to carry forward tax losses for an indefinite period of time to be offset against income of the same trade.

16. Share capital

<i>In thousands of US\$</i>	Share capital
At 31 December 2021	-
At 31 December 2022	-

The authorised share capital of the Company at 31 December 2022 and 31 December 2021 comprised 100 ordinary shares of EUR 1 par value each.

The issued share capital of the Company at 31 December 2022 and 31 December 2021 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

<i>In thousands of US\$</i>	Carrying amount 2022	Fair value 2022	Carrying amount 2021	Fair value 2021
Cash and cash equivalents	3,676	3,676	277	277
Receivables from related parties	25	25	-	-
Trade and other receivables	7,992	7,992	600	600
Finance lease receivable	137,587	128,100	146,101	132,864
Financial assets	149,280	139,793	146,978	133,741

Notes to the financial statements

17. Financial instruments fair value (continued)

<i>In thousands of US\$</i>	Carrying amount 2022	Fair value 2022	Carrying amount 2021	Fair value 2021
Borrowings from shareholder	(35,605)	(35,605)	(33,562)	(33,562)
Borrowings from related parties	(127,203)	(127,203)	-	-
Loans and borrowings	-	-	(123,993)	(123,780)
Trade and other payables	(2,311)	(1,313)	(2,301)	(1,529)
Payables to related parties	(583)	(583)	(453)	(453)
Financial liabilities	(165,702)	(164,704)	(160,309)	(159,324)
Net financial liabilities	(16,422)	(24,911)	(13,331)	(25,583)

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.

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 related parties	Borrowing from related parties (i)	Borrowings from shareholders (ii)
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
Drawdowns	122,048	2,841
Net movement in interest accrued	5,155	1,277
Foreign translation differences	-	(2,075)
Balance at 31 December 2022	127,203	35,605

- (i) During the year, the Company entered into two loan agreements with a related party, being a company under common control. The outstanding loans with the related party are repayable in 2026 and 2027. Interest on these loans accrues at rates between 5.38% and 5.67%. Early repayments by agreement of both parties to the loan agreements is permitted.

Notes to the financial statements

18. Related party transactions (continued)**(a) Balances with related parties (continued)**

- (ii) During the year the Company entered into a new loan agreement with the Parent. All loans from the Parent are denoted in EUR and interest on the loans accrues at rates between 3.57 % and 7.65%. 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

Receivables	2022	2021
<i>In thousands of US\$</i>		
Receivables from the Parent	-	-
Receivables from related parties	25	-
Total	25	-
Payables	2022	2021
<i>In thousands of US\$</i>		
Payables to the Parent	583	453
Total	583	453

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

(c) Expenses

During the year ended 31 December 2022, the Company incurred US\$ 20k (2021: US\$ 20k) in management fees payable to the Parent.

The Company incurred total interest expenses of US\$ 6.432k (2021: US\$ 154k and capitalised expense US\$ 3.712k) on loans from the Parent and related parties during the year.

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.

Notes to the financial statements

19. Risks and uncertainties (continued)

Geopolitical Risk

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. As a result of the ongoing conflict, the international sanctions and their impact on the Company, an impairment loss on financial assets of US\$ 3.9 million was recognised at 31 December 2022 in relation to outstanding finance lease payments. Commercial negotiations are ongoing with the lessee. 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 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>	Note	2022	2021
Cash and cash equivalents		3,676	277
Receivable from related parties	18	25	-
Trade and other receivables	12	7,992	600
Finance lease receivable	11	137,587	146,101
Total		149,280	146,978

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 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)*In thousands of US\$*

	Neither past due nor impaired 2022	Impaired 2022	Total 2022
Measured at amortised cost:			
Trade and other receivables	4,075	3,917	7,992
Finance lease receivable	137,587	-	137,587
Receivables from related parties	25	-	25
Total	141,687	3,917	145,604

In thousands of US\$

	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
Total	146,701	-	146,701

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> 2022	Carrying amount	Contractual cash flows	12 months or less	Between 2 and 5 years	After 5 years
Borrowings from shareholder	35,605	37,582	-	37,582	-
Borrowings from related parties	127,203	141,780	-	141,780	-
Trade and other payables	2,311	2,311	178	-	2,133
Payables to related parties	583	583	583	-	-
Total	165,702	182,256	761	179,362	2,133

<i>In thousands of US\$</i> 2021	Carrying amount	Contractual cash flows	12 months or less	Between 2 and 5 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	-	-
Total	160,309	172,302	11,935	83,372	76,995

Due to sanctions, 3rd party loans and borrowings was called in earlier and were repaid in full on 28th March 2022. The early repayment was financed by an intergroup loan from a related party.

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 2022.

There were no contingent liabilities at 31 December 2022. 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

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 Murrán and Julian Moroney of Teneo Restructuring Ireland were appointed as joint liquidators.

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

Matthew Tracey, Caroline Jones and Patricia O'Connor were appointed as directors of the Company on 6 September 2023, with Roman Lyadov resigning his directorship of the Company on the same date.

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 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").

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 24 November 2025.