

# **Aragvi Finance International Designated Activity Company**

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Directors' Report and Financial Statements  
for the financial year ended 30 June 2023

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# Aragvi Finance International Designated Activity Company

Directors' Report and Financial Statements

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## Company information

<b>Directors</b>	Máiréad Lyons Resigned 17 <sup>th</sup> August 2022 Kar Chun Man Resigned 17 <sup>th</sup> August 2022 Brian Williams Appointed 17 <sup>th</sup> August 2022 Ronan Collins Appointed 17 <sup>th</sup> August 2022 Martin Carr Appointed (alternate) 23rd October 2024
<b>Company secretary</b>	Cafico Secretaries Limited Resigned 17 <sup>th</sup> August 2022 Vantru Corporate Secretarial Limited 17 <sup>th</sup> August 2022
<b>Company registration number</b>	619167
<b>Registered office</b>	1 Francis Street Dundalk Co. Louth A91 XK98
<b>Solicitors</b>	Arthur Cox Ten Earlsfort Terrace Dublin 2 Ireland
<b>Bankers</b>	The Bank of New York London Branch Canada Square Canary Wharf London E14 5AL United Kingdom
<b>Escrow Agent</b>	Citibank N.A. London Branch Citigroup Centre Canary Wharf London E14 5LB United Kingdom
<b>Corporate services provider</b>	Gershiels t/a Vantru Hamilton House, 28 Fitzwilliam Place, Dublin 2 Co. Dublin D02 P283
<b>Trustee to the noteholders</b>	The Bank of New York Mellon Corporate Trustee Services Limited One Canada Square London E14 5AL United Kingdom
<b>Security Trustee</b>	Intertrust Trustees Limited 35 Great St. Helens London United Kingdom

**Company information**

**Independent auditors**

Baker Tilly Ireland Audit Limited  
9 Exchange Place  
International Financial  
Services Centre  
Dublin 1  
Ireland  
D01 X8H2

## Directors' report

The directors present the Directors' Report and the audited financial statements of Aragvi Finance International Designated Activity Company ("the Company") for the financial year ended 30 June 2023.

### Incorporation

The Company was incorporated on 19 January 2018 as a designated activity company under the laws of Ireland with company registration number 619167.

The Company is a wholly-owned subsidiary of Aragvi Holding International Limited (the "Parent Company"), a company incorporated in Nicosia, Cyprus.

### Principal activity

The Company was established to participate in a financing transaction with the Company as lender and Trezeme Limited, a company incorporated in Cyprus, as the borrower, whereby the Company will issue loan participation notes and use the proceeds of such issuance to finance a loan to the Borrower.

As of 30 June 2023, the Company has the following loan participation notes (the "Notes") issued and outstanding for the sole purpose of financing a loan (the "Loan") to the Borrower for an amount equal to the principal and interest on the Notes pursuant to the loan agreement (the "Loan Agreement") entered into between the Company and the Borrower.

<b>Issue date</b>	<b>Notes issued</b>	<b>Interest rate</b>	<b>Maturity date</b>	<b>as at 30 Jun 2023 US\$</b>	<b>as at 30 Jun 2022 US\$</b>
29 April 2021	US\$400 million Loan Participation Notes	8.45%	29 April 2026	400,000,000	400,000,000
2 June 2021	US\$50 million Loan Participation Notes	8.45%	29 April 2026	50,000,000	50,000,000
17 Sept 2021	US\$50 million Loan Participation Notes	8.45%	29 April 2026	50,000,000	50,000,000
				<b>500,000,000</b>	<b>500,000,000</b>

The Notes are listed on the Global Exchange Market of the Irish Stock Exchange.

### Results and dividends

The results for the financial year and the financial position of the Company as at the financial year end are set out on pages 11 and 12, respectively.

The Company's loss for the financial year before taxation amounted to US\$830,950 (2022: US\$9,046,627). No interim dividends were paid during the financial year (2022: Nil). No dividends were recommended by the directors.

### Business review

#### *Review of the business*

The outstanding Loan due from the Borrower amounted to US\$500 million (2022: US\$500 million). The outstanding Notes payable amounted to US\$500 million (2022: US\$500 million). Interest income earned from the Loan was US\$42,250,000 (2022: US\$42,965,903) during the financial year. Interest expense on the Notes was US\$42,250,000 (2022: US\$42,965,903) during the financial year.

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

After consent from the noteholders March in 2021, the Company redeemed the original US\$300million 12% notes through mandatory redemption. Concurrently, the Company issued a US\$400 million 8.45% notes due 2026 (the "New Notes") the proceeds of which was used by the Company fund the tender offer with the remaining proceeds lent to the Borrower. On 2 June 2021, the Company issued a further US\$50 million Notes which was consolidated with the New Notes to form a single issue.

On 17 September 2021 the Company issued additional US\$50,000,000 8.45% secured guaranteed notes due 2026 (the "Additional Notes") to be consolidated and form a single series with the US\$450,000,000 8.45% secured guaranteed notes due 2026.

The Loan Agreement was amended and restated such that it matched the payments the Company would be required to make under Original Notes and the New Notes.

### ***Principal risks and uncertainties***

The Notes are secured by the Loan issued by the Company to the Borrower. If the Borrower fails to meet its obligations to the Company under the Loan Agreement, the Company will not be able to meet its obligations to the Noteholders.

The Notes are unconditionally and irrevocably guaranteed jointly and severally by the Parent Company, Agrofloris Nord S.R.L., I.C.S. Anengrain Group S.R.L., Elevatorul Iargara S.A., I.C.S. Flograin Group S.R.L., Floarea Soarelui S.A., Molgranum S.R.L., Prut S.A., I.C.S Trans Bulk Logistics S.R.L., S.C. Trans Cargo Terminal S.R.L., I.C.S. Uleinord S.R.L., I.C.S. Unco Cereale S.R.L., Combinatul de cereale Aur Alb S.A., Elevator Kelley Grains S.A., I.M. Trans Oil Refinery S.R.L., I.C.S. Kelley Grains Corporation S.R.L. and Trans Oil International SA (the "Guarantors").

The Guarantors and Additional Liability Company "Reniyskiy Elevator", as the surety, has unconditionally and irrevocably agreed to ensure the due payment of all sums expressed to be payable by the Company or the Guarantors under the Notes.

### ***Economic risk***

In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China. COVID-19 had since spread to over 100 countries worldwide and on 11 March 2020 the World Health Organization ("WHO") declared COVID-19 a pandemic.

The spread of the COVID-19 outbreak had caused severe disruption in the Irish and global economy. This created widespread business continuity issues of an as yet unknown magnitude and duration. Many countries, including Ireland, reacted by instituting quarantines, mandating business and school closures and restricting travel. Many experts predict that the outbreak will trigger a period of global economic slowdown or a global recession.

The Company is closely monitoring the potential impact of COVID-19 on its 2023 financial results and cashflows. The Company will continue to monitor the market for impact and viability on current and future developments. The directors have considered the impact that COVID-19 may have over the going concern assumption of the Company. According to the Borrower, there has been no disruption to their production process. The Borrower has managed to reduce the impact of COVID-19 on business through the implementation of an operating-efficiency programme designed to optimise costs.

As the Borrower agrees to reimburse the Company of costs, fees, expenses or outgoings incurred by the Company so long as the Loans are outstanding, the directors have concluded that the impact of any market volatility due to COVID-19 on the ongoing going concern assumption of the Company will be minimal. Considering this the directors have concluded that the impact of COVID-19 does not represent a material uncertainty in relation to the Company's ability to continue as a going concern.

### **Future developments**

The Company will continue with its existing principal activities. As at the date of signing these financial statements the Company has since undergone a further mandatory redemption of the 2026 notes and entered into a new financing transaction, issuing US\$550 million 11.125% secured notes due 2029 for the purposes of financing the purchase of any or all of the US\$500 million 8.45% secured notes due 2026.

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

### **Financial instruments**

The Company's objectives for the use of financial instruments and its financial risk management policies are set out in note 16 of the financial statements.

### **Directors of the Company**

The directors, who held office at any time during the financial year and at the date of this report, were as follows:

Brian Williams (appointed 17 August 2022)

Ronan Collins (appointed 17 August 2022)

Máiréad Lyons (resigned 17 August 2022)

Kar Chun Man (resigned 17 August 2022)

Martin Carr (appointed 23<sup>rd</sup> October 2024)

### **Officers' interests**

The directors and the company secretary at the end of the financial year had no interest in shares or debentures of the Company at any point during the financial year.

### **Going concern**

The financial statements have been prepared on the basis of a going concern assumption. In assessing the going concern status, management, and that of the group, have taken account of the financial position, principal risks and uncertainties, sources of cash generation (group wide), borrowings and other available credit facilities and terms therein. Whilst the company is in a net liability position at the balance sheet date, Aragvi Holding International Ltd (ultimate parent) has provided guarantees to meet the obligations of the Borrower as they fall due for the current and preceding 12 month period. The board are satisfied that the overall group has adequate resources to ensure operational existence and it is appropriate to adopt the going concern basis in preparing the financial statements for the year ended 30th June 2023.

### **Adequate accounting measures**

The measures taken by the directors to ensure compliance with the requirements of section 281 to 285 of the Companies Act (the "Act") with regard to keeping of adequate accounting records, are by engaging a service provider with appropriate expertise and who provides adequate resources to the financial function. The Company's accounting records are maintained at the Company's registered office at 1 Francis Street, Dundalk, Co Louth, Ireland.

### **Directors' compliance policy statement**

The directors of the Company who held office at the date of approval of these financial statements are responsible for securing the Company's compliance with its relevant obligations.

The directors confirm that the following matters have been done under section 225(2) of the Act in fulfilling its responsibilities

- drawing up of a compliance policy statement setting out the Company's policies (that, in the opinion of the directors, are appropriate to the Company) respecting compliance by the company with its relevant obligations;
- putting in place appropriate arrangements or structures that, in the opinion of the directors, are designed to secure material compliance with the Company's relevant obligations; and
- conducting a review during the financial year of any arrangements or structures that have been put in place.

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

### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

This confirmation is given and should be interpreted in accordance with the provisions of section 330 of the Act.

### **Subsequent events**

On 24 February 2022, a military conflict commenced between Russia and Ukraine which was an escalation of the conflict which began in 2014. There is volatility in the market, and the eventual impact on the global economy and financial markets will largely depend on the duration of the conflict. The Borrower has not been adversely impacted by the conflict and the conflict has not had any impact on the Company, however, as the situation is ongoing as at present, the directors are continually monitoring the conflict and its affect on the global economy which may impact the Company's operations. The directors will continue to monitor the situation.

On 24 October 2024, the board of directors authorized the company to enter into a new guaranteed and secured note transaction whereby the Company issued US\$550 million 11.125% secured notes due 2029 for the purposes of financing the purchase of any or all of the US\$500 million 8.45% secured notes due 2026 as well as payment of, if any, early redemption consent fees in connection with, and funding, a corresponding new loan to Trezeme Limited pursuant to a loan agreement dated 20 November 2024. In 2025, the company has since issued a further US\$100 million 11.125% secured notes due 2029, and together with the original notes in this series, are consolidated to form a single issue.

There were no other significant events between the Statement of Financial Position date and the date of signing of the financial statements, affecting the Company, which require adjustment to or disclosure in the financial statements for this period.

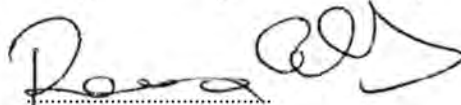
### **Independent auditors to continue in office**

The auditors, Baker Tilly Ireland, have indicated their willingness to continue in office in accordance with Section 383(2) of the Act.

Authorised for issue and approved by the Board on 17 February 2026 and signed on its behalf by:



Brian Williams  
Director



Ronan Collins  
Director

## **Directors' responsibility statement**

The directors acknowledge their responsibilities for preparing these financial statements in accordance with applicable law and regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under Irish company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the Company for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by the European Union have been followed, and ensure that they contain the additional information required by the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Authorised for issue and approved by the Board on 17 February 2026 and signed on its behalf by:



Brian Williams  
Director



Ronan Collins  
Director

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARAGVI FINANCE INTERNATIONAL DESIGNATED ACTIVITY COMPANY

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Aragvi Finance International Designated Activity Company (the 'company') for the year ended 30 June 2023 which comprise Balance Sheet, the Profit and Loss Account, the Statement of Cash Flows, the Statement of Changes in Equity and notes to the financial statements, including the summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable Irish law and International Financial Reporting Standards as adopted by the European Union (IFRSs).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards adopted by the European Union (IFRSs); and
- have been 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) as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Our approach to the audit

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

#### *How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and the controls, and the industry in which it operates.

### Materiality and audit approach

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, such as our understanding of the entity and its environment, the history of misstatements and the complexity of the Company, the regulatory requirements and the reliability of the control environment, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Materiality is defined as the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. We

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARAGVI FINANCE INTERNATIONAL DESIGNATED ACTIVITY COMPANY

apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Importantly misstatements below these levels will not necessarily be evaluated as immaterial as we also take account the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	<b>Company financial statements</b>
<b>Overall materiality</b>	€8,197,000
<b>How we determined it</b>	1.67% of total assets.

We chose total assets as the benchmark because, in our view, we consider it to be one of the principal considerations for stakeholders of the Company in assessing the financial performance of the Company.

We selected 1% based on our professional judgment and the perceived level of risk, noting that it is also within the range of commonly accepted asset benchmarks. The materiality as set above were calculated based on draft figures provided to us at planning and although a slight increase to group materiality at completion stage was noted under the benchmark the planning has been retained as this was the basis of our reporting to the Board of Directors.

Performance materiality is the application of materiality at the individual account or balance level and is set at an amount which reduces to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at €6,557,000 (2023: €5,331,200) for the financial statements as a whole, which represents 80% (2023: 80%) of the above materiality levels. The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.

Reporting threshold is defined as the amount below which identified misstatements are considered to be clearly trivial. We agreed with the those charged with governance that we would report to them all audit differences in excess of €409,850 (2023: €199,920), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to those charged with governance on disclosure matters that we identified when assessing the overall presentation of the financial statements. We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<b>Valuation of Financial Assets</b> Refer to 'Financial Instruments' and 'Impairment' on pages 21 to 22 (Accounting policies), Credit risk and	We obtained and reviewed management's methodology and model in respect of the assessment and calculation of the ECL in respect of the company's financial assets.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARAGVI FINANCE INTERNATIONAL DESIGNATED ACTIVITY COMPANY

<p>impairment' in Note 16 (Financial Risk Management').</p> <p>The carrying value of financial assets susceptible to credit loss at 30 June 2023 amounts to USD\$492m representing approximately 99.9% of the company's total assets.</p> <p>The company carries out a review of all financial assets measured at amortised cost on an annual basis in order to assess and recognise loss allowances for expected credit loss, or more frequently if events or changes in circumstances indicate that there is a potential loss. As set out in Note 16 management concluded there was no movement in respect of the expected credit loss on financial assets.</p> <p>We determined this to be a key audit matter due to the level of judgement required by management in determining the recoverable amount of financial assets, and the assumptions used in the calculation of its expected credit loss.</p> <p>Key assumptions used to develop the estimation of expected credit loss at 30 June 2023 include the probability of default, loss given default, exposure at default and the discount factor.</p>	<p>We performed an assessment of Management's model employed in respect of the calculation of the ECL to ensure that it meets the requirements of IFRS 9.</p> <p>We obtained Management's calculation of the ECL on financial assets and reviewed this in line with IFRS 9.</p> <p>We also tested the mathematical accuracy of the model used in respect of the calculation of the expected credit loss.</p> <p>We obtained an understanding of the forward-looking assumptions utilised by management in respect of the calculation of expected credit loss in line with IFRS 9.</p> <p>We evaluated the methodology used and the key assumptions therein, including the impact of geopolitical issues on the key assumptions and assessed the reasonability of same for a number of potential scenario outcomes based on developments.</p> <p>We performed an independent recalculation of the ECL in line with IFRS 9.</p> <p>We reviewed underlying financial information and documentation supporting managements assumptions in respect of the probability of default on receivables.</p> <p>We assessed the adequacy of the disclosures contained within the financial statements against the requirement of IFRS 9 in order to determine whether they are complete and appropriate in accordance with the requirements of the accounting standard.</p>
<p><b>Key observations</b> Based on the procedures performed nothing has come to our attention that suggests the judgements made by management in their assessment of the expected credit loss to be unreasonable and disclosures in the financial statement with respect to these matters are considered to be appropriate.</p>	

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's going concern assessment and evaluating the budgets and forecasts for the going concern assessment period and challenging the key assumptions. In evaluating these forecasts we considered the company's historic performance, current market conditions and the Board approved future expected capital expenditure;
- Testing the mathematical integrity of the budgets and forecasts and the models and reconciling these to Board approved budgets;
- Considering whether the assumptions underlying the budgets and forecasts were consistent with related assumptions used in testing for valuation of financial assets;
- Evaluating the sensitivity analysis prepared by management to assess appropriate downside scenarios; and
- Considering the company's available financing facilities and maturity profile of the company's debt to assess liquidity through the going concern assessment period.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARAGVI FINANCE INTERNATIONAL DESIGNATED ACTIVITY COMPANY**

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 on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going-concern basis of accounting in the preparation of the financial statements is appropriate. However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

## **Other Information**

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2014**

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

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

We have obtained all the information and explanations which, to the best of our knowledge and belief, are 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 and the financial statements were in agreement with the accounting records.

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

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

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

## **Respective Responsibilities**

### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARAGVI FINANCE INTERNATIONAL DESIGNATED ACTIVITY COMPANY

concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Auditors' Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (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.

## Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and managements process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment. We evaluated the design and implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified Fraud Risk	Audit Procedures and Observations
<p><b>Management override of Controls</b></p> <p>Management is in a position to commit fraud because it is able to manipulate administrative records and prepare fraudulent financial statements by breaking internal controls that otherwise appear to work effectively.</p> <p>During the audit, we pay attention to the risk of breaking internal control measures by management in:</p> <ul style="list-style-type: none"> <li>• Journal entries and other adjustments made during the preparation of the financial statements;</li> <li>• Estimates and estimation processes;</li> <li>• Significant transactions outside the normal course of business.</li> </ul>	<p>We evaluated the design and the implementation of the internal controls in the processes for generating and processing journal entries and making estimates, assuming management override of controls. We evaluated the process surrounding the creation of financial reporting. We have selected journal entries based on specific risk criteria. This has been the subject of our audit procedures. We also have put attention to significant transactions outside the normal course of business. In addition, we have carried out audit procedures on key estimates of the management.</p> <p>Management has included its important estimates in their financial statements in the "Use of Judgements and estimates" section as part of the notes to the financial statements. We have carried specific audit procedures on these estimates, including:</p> <ul style="list-style-type: none"> <li>• The valuation of financial assets;</li> <li>• The determination of the fair value of the financial assets including considering possible future expected credit losses;</li> <li>• And the determination of the level and adequacy of the provisions.</li> </ul> <p>We paid particular attention to the inherent risk of management bias in these estimates.</p> <p>Our work has not led to specific indications of fraud or suspected fraud with regard to management override of controls.</p>

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ARAGVI FINANCE INTERNATIONAL DESIGNATED ACTIVITY  
COMPANY**

<p>The risk of fraudulent financial reporting, due to inaccuracy and incorrect cut off of responsible interest income.</p> <p>As part of our risk assessment and based on the assumption that fraud risks exist in the revenue recognition, we have evaluated which types of revenues and / or assertions give rise to the risk of material misstatement resulting from fraud.</p> <p>The Revenue relates to interest income. There is no specific assertion which is more susceptible to a higher risk of fraud. Hence, accuracy and cut-off are identified as the assertions where fraud could be more obvious.</p>	<p>We have, to the extent relevant to our audit, evaluated the design and the implementation and of internal controls with regard to the treasury process.</p> <p>We have identified high incidental revenue/interest journal entries in the financial year through data analysis and determined that these journal entries are based on actual deliveries in the relevant financial year.</p> <p>We have carried out numerical analysis with regard to the justified interest income in relation to the contractual agreed interest rates, compared to the previous year, etc.</p> <p>We have carried out specific substantive procedures on the accuracy of interest income journal entries.</p> <p>At the end of the year, we carried out cut-off procedures to determine that the interest income has been accounted for in the correct financial year. We have investigated whether unlawful credit interest notes were recorded in the following financial year that could give an indication of incorrectly booked interest income in the current financial year.</p> <p>Our procedures have not led to any specific indications of fraud or suspected fraud with regards to cut-off and accuracy of the revenue (Interest income) recognition.</p>
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A further description of our responsibilities contained in the appendix to this report, located at page 14, which is to be read as an integral part of our report.

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

This report, including the opinions are provided to the member of the company. However, it, has been prepared at the instance of the company for the sole benefit of the company and its directors, as agreed by the directors on the 19 August 2024, in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any person, other than the company and its directors, to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.



**Brendan Kean**  
**For and on behalf of**  
**Baker Tilly Ireland Audit Limited**  
 Chartered Certified Accountants and Statutory Audit Firm  
 9 Exchange Place  
 International Financial Services Centre  
 Dublin 1.

**Date:** 20 February 2026

## **APPENDIX TO THE INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARAGVI FINANCE INTERNATIONAL DESIGNATED ACTIVITY COMPANY.**

### **Further information regarding the scope of our responsibilities as auditor**

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our 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 the directors.
- Conclude on the appropriateness of the directors' 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 we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the company to cease to continue as a going concern.
- 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 fair presentation.

We communicate 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 we identify during our audit.

**Statement of comprehensive income  
for the financial year ended 30 June 2023**

		<b>for the year ended 30 Jun 2023 US\$</b>	<b>for the year ended 30 Jun 2022 US\$</b>
	<b>Notes</b>		
Interest and similar income	4	44,139,568	45,226,280
Interest and similar expense	5	(44,139,069)	(45,226,779)
Net interest margin		499	(499)
Other operating income	6	284,788	284,776
Impairment of financial assets	16	(841,623)	(9,047,446)
Administrative expenses	7	(274,614)	(283,458)
(Loss) before tax		(830,950)	(9,046,627)
Tax charge	8	(2,668)	(205)
<b>(Loss) for the financial year</b>		<b>(833,618)</b>	<b>(9,046,832)</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>(833,618)</b>	<b>(9,046,832)</b>

The above results were derived from continuing operations.

**Statement of financial position  
as at 30 June 2023**

	Notes	as at 30 Jun 2023 US\$	as at 30 Jun 2022 US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Loan receivable	9	484,596,951	483,549,006
<b>Total non-current assets</b>		<b>484,596,951</b>	<b>483,549,006</b>
<b>Current assets</b>			
Interest and other receivables	11	7,200,211	7,187,869
Cash and cash equivalents		51,811	72,230
<b>Total current assets</b>		<b>7,252,022</b>	<b>7,260,099</b>
<b>Total assets</b>		<b>491,848,973</b>	<b>490,809,105</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Called-up share capital presented as equity	16	1	1
Accumulated losses		(9,874,180)	(9,040,562)
<b>Total equity</b>		<b>(9,874,179)</b>	<b>(9,040,561)</b>
<b>Non-current liabilities</b>			
Issued notes	11	494,486,020	492,596,951
Deferred income	14	3,397	4,597
<b>Total non-current liabilities</b>		<b>494,489,417</b>	<b>492,601,548</b>
<b>Current liabilities</b>			
Trade and other payables	13	7,197,415	7,168,480
Deferred income	14	34,116	77,498
Income tax liability	8	522	459
Amounts due to borrower	12	1,681	1,681
<b>Total current liabilities</b>		<b>7,233,735</b>	<b>7,248,118</b>
<b>Total liabilities</b>		<b>501,723,152</b>	<b>499,849,666</b>
<b>Total equity and liabilities</b>		<b>491,848,973</b>	<b>490,809,105</b>

Authorised for issue and approved by the Board on 17 February 2026 and signed on its behalf by:



Brian Williams  
Director



Ronan Collins  
Director

Company Registration  
Number: **619167**

The notes on pages 15 to 35 form an integral part of these financial statements.

**Statement of changes in equity  
for the financial year ended 30 June 2023**

	<b>Share capital US\$</b>	<b>Retained earnings US\$</b>	<b>Total US\$</b>
<b>At 1 July 2021</b>	1	6,270	6,271
Loss for the financial year	-	(9,046,832)	(9,046,832)
<b>At 30 June 2022</b>	<b>1</b>	<b>(9,040,562)</b>	<b>(9,040,561)</b>
Loss for the financial year	-	(833,618)	(833,618)
<b>At 30 June 2023</b>	<b>1</b>	<b>(9,874,180)</b>	<b>(9,874,179)</b>

**Statement of cash flows**  
**for the financial year ended 30 June 2023**

	<b>for the year ended 30 Jun 2023 US\$</b>	<b>for the year ended 30 Jun 2022 US\$</b>
<b>Cash flows from operating activities</b>		
(Loss) before tax for the financial year	(830,950)	(9,046,627)
<i>Adjustments to cash flows from non-cash items</i>		
Impairment of financial assets	841,623	9,047,446
Interest and similar income from loan	(44,139,568)	(45,226,280)
Interest and similar expenses on issued notes	44,139,069	45,226,779
Corporate benefit fee	(1,200)	(1,251)
<i>Working capital adjustments</i>		
(Increase) in trade and other receivables	(12,343)	(720,421)
Increase in trade and other payables	28,935	714,070
(Decrease)/Increase in deferred income	(43,382)	5,572
Cash (used in) operations	(17,816)	(712)
Income taxes paid	(2,603)	(1,008)
Interest received	42,250,000	42,250,000
Interest paid	(42,250,000)	(42,250,000)
Net cash flows used in operating activities	(20,419)	(1,720)
<b>Cash flows from investing activities</b>		
Loans and receivables advanced	-	(50,000,000)
Facility fee received	-	(661,787)
Premium on Loans	-	(552,230)
Net cash flows used in investing activities	-	(51,214,017)
<b>Cash flows from financing activities</b>		
Proceeds from the notes issued	-	50,000,000
Issue cost paid	-	1,500
Premium on notes	-	1,212,518
Net cash flows from financing activities	-	50,214,018
Net (decrease) in cash and cash equivalents	(20,419)	(1,719)
Cash and cash equivalents, beginning	72,230	73,949
<b>Cash and cash equivalents, ending</b>	<b>51,811</b>	<b>72,230</b>

The notes on pages 15 to 35 form an integral part of these financial statements.

## **Notes to the financial statements for the financial year ended 30 June 2023**

### **1 General information**

Aragvi Finance International Designated Activity Company (the "Company") was incorporated on 19 January 2018 as a designated activity company limited by shares under the laws of Ireland with company registration number 619167. The registered office of the Company is 1 Francis Street, Dundalk, Co Louth, A91 XK38, Republic of Ireland.

The Company was established to participate in a financing transaction with the Company as lender and Trezeme Limited (the "Borrower"), a company incorporated in Cyprus, as the borrower, whereby the Company will issue loan participation notes and use the proceeds of such issuance to finance a loan to the Borrower.

The Company is a wholly-owned subsidiary of Aragvi Holding International Limited (the "Parent Company"), a company incorporated in Nicosia, Cyprus.

### **2 Accounting policies**

#### **Statement of compliance**

The Company's financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") including standards and interpretations issued by the International Accounting Standards Board and Irish statute comprising the Companies Act 2014.

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied since incorporation.

#### **Basis of preparation**

The financial statements have been prepared in accordance with IFRS and under the historical cost convention. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The critical accounting judgements and key management's estimates adopted by the Company in preparing these financial statements are disclosed in note 3.

These financial statements are presented in US Dollars ("US\$") which is the Company's functional currency being the currency of the Company's primary economic environment.

#### **Going concern**

The financial statements have been prepared on the basis of a going concern assumption. In assessing the going concern status, management, and that of the group, have taken account of the financial position, principal risks and uncertainties, sources of cash generation (group wide), borrowings and other available credit facilities and terms therein. Whilst the company is in a net liability position at the balance sheet date, Aragvi Holding International Ltd (ultimate parent) has provided guarantees to meet the obligations of the Borrower as they fall due for the current and preceding 12 month period. The board are satisfied that the overall group has adequate resources to ensure operational existence and it is appropriate to adopt the going concern basis in preparing the financial statements for the year ended 30th June 2023.

#### **Changes in accounting policy and estimates**

##### **New standards, interpretations and amendments effective**

The following new standards have been applied for the first time from 1 July 2022 and have not had any impact on the financial statements:

##### **References to the Conceptual Framework (Amendments to IFRS 3)**

These amendments update IFRS 3 to refer to the Conceptual Framework for Financial Reporting (2018) instead of the previous 1989 Framework. The amendments also add guidance for obligations within the scope of IAS 37 and clarify that contingent assets do not apply the Conceptual Framework's recognition criteria.

## Aragvi Finance International Designated Activity Company

### Directors' Report and Financial Statements

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#### ***Proceeds before Intended Use (Amendments to IAS 16)***

These amendments prohibit an entity from deducting from the cost of property, plant and equipment any proceeds from selling items produced while preparing the asset for its intended use. Any such proceeds and related costs are recognised in profit or loss.

#### ***Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)***

These amendments clarify that the cost of fulfilling a contract comprises the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

#### ***Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)***

This cycle included minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 to clarify wording and correct minor inconsistencies.

#### **New standards, interpretations and amendments not yet effective**

The following newly issued but not yet effective standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Company's financial statements in the future:

<b>Standard</b>	<b>Effective for periods beginning or after</b>
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2024
Non-Current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024
Lack of Exchangeability (Amendments to IAS 21)	1 January 2025
Amendments to classification and measurement requirements for financial instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026
Presentation and Disclosure in Financial Statements (IFRS 18)	1 January 2027
Subsidiaries without Public Accountability: Disclosures (IFRS 19)	1 January 2027

None of the other standards, interpretations and amendments which are effective for periods beginning after 1 July 2023 and which have not been adopted early, are expected to have a material effect on the financial statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

None of the other standards, interpretations and amendments which are effective for periods beginning after 1 July 2023 and which have not been adopted early, are expected to have a material effect on the financial statements.

## **Notes to the financial statements for the financial year ended 30 June 2023**

### **2 Accounting policies (continued)**

#### **Financial instruments**

##### **Financial assets**

The Company's classification of financial assets is driven by the business model in which the asset is held and their cash flow characteristics. The Company classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL")

##### ***Amortised cost***

Financial assets that are held for collection of contractual cash flows and with cash flows representing solely payments of principal and interest, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets are adjusted by any expected credit loss allowance and the interest income from these financial assets is recognised in the Statement of Comprehensive Income using the effective interest method. All of the Company's financial assets are measured at amortised cost.

##### ***Fair value through other comprehensive income***

Financial assets that are held for collection of contractual cash flows and for selling the assets, and with cash flow representing solely payments of principal and interest and that are not designated at FVTPL, are measured at fair value through other comprehensive income. Movements in the fair value of the financial instruments are recognised in the other comprehensive income, except for the recognition of impairment gain or loss, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the Statement of Comprehensive Income. None of the Company's financial assets are measured at fair value through other comprehensive income.

##### ***Fair value through profit and loss***

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Derivative financial instruments are classified as FVTPL. Gain or loss on a financial instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the Statement of Comprehensive Income within the net income. None of the Company's financial assets are measured at fair value through profit and loss.

##### ***Impairment of financial assets***

The Company assesses on a forward-looking basis the expected credit losses ("ECL") associated with any investments in debt securities carried at amortised cost and FVOCI. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The estimation of the expected credit loss entails estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Company measures the ECL using probability of default, exposure at default and loss given default.

## **Notes to the financial statements for the financial year ended 30 June 2023**

### **2 Accounting policies (continued)**

IFRS 9 also outlines a three-stage model for impairment based on changes in credit quality since initial recognition. A financial instrument that is non-credit impaired at initial recognition is classified as 'Stage 1' and has its credit risk continuously monitored by the Company. If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

The Company defines default as follows which is fully aligned with the definition of default under the Loan Agreement:

- the Borrower failing to pay any amount of principal, interest or other amounts payable under the Loan within ten calendar days of the scheduled payment date or a bankruptcy case which arises against the Borrower and is not dismissed within 60 days; and
- the Borrower failing to perform or observe any of its obligations under the Loan Agreement and such failure remains unremedied for a period of 30 calendar days after the written notice thereof from the Company to the Borrower.

#### ***Derecognition of financial assets***

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised in the statement of financial position.

#### **Financial liabilities**

The Company classifies its financial liabilities as 'other liabilities'.

#### ***Other liabilities***

Other liabilities include all financial liabilities that are not held for trading or designated at fair value through profit or loss. Included in this category are the issued notes, interest payable, trade payables and accrued expenses. Other liabilities are recognised initially at fair value being their issue proceeds (fair value of consideration received) plus transaction cost incurred. Borrowed amounts are subsequently measured at amortised cost, any difference between the proceeds net of transaction cost and the redemption value is recognised in the statement of comprehensive income over the term of the financial liability using the effective interest method.

#### ***Derecognition of financial liabilities***

The Company derecognises financial liabilities when its contractual obligations are discharged, cancelled or expired.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

## **Notes to the financial statements for the financial year ended 30 June 2023**

### **2 Accounting policies (continued)**

#### **Deferred income**

Income received for the benefit of the Company in relation to the provision of loans is included in deferred income and released to the statement of comprehensive income over the expected life of the financial asset. Deferred income also includes expense reimbursement income received in advance from the Borrower. These amounts are released to the statement of comprehensive income as the expenses are incurred.

#### **Interest income and expense**

Interest income and expense are recognised in the statement of comprehensive income as they accrue using the original effective interest rate determined at the acquisition or origination date. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument or a shorter period where appropriate to the net carrying amount of the financial asset or financial liability. Interest income and expense includes the amortisation of any discount or premium, transaction cost or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity on an effective interest rate basis.

#### **Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate at the reporting date. Foreign exchange gains and losses resulting from the translation to the exchange rate at the reporting date or resulting from the settlement of such transactions are recognised in the statement of comprehensive income.

#### **Tax**

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

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

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

## **Notes to the financial statements for the financial year ended 30 June 2023**

### **3 Critical accounting judgments and key sources of estimation uncertainty**

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial period in which the estimates are revised if the revision affects only that financial period or in the financial period of the revision and future financial period if the revision affects both current and future periods. Key accounting estimates and judgments used by the management are discussed below.

#### **Measurement of expected credit loss**

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of significant assumptions about future economic conditions. A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate methods and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios applicable to the Borrower and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

See Note 16 for further explanation of the determination, assumptions and judgements involved in the measurement of ECL

### **4 Interest and similar income**

The account consists of:

	<b>for the year ended 30 Jun 2023 US\$</b>	<b>for the year ended 30 Jun 2022 US\$</b>
Loan interest income	42,250,000	42,965,903
Amortisation of facility fee	2,122,695	1,934,474
Amortised premium	(233,127)	325,903
	<b>44,139,568</b>	<b>45,226,280</b>

**Notes to the financial statements  
for the financial year ended 30 June 2023**

**5 Interest and similar expense**

The account consists of:

	<b>for the year ended 30 Jun 2023 US\$</b>	<b>for the year ended 30 Jun 2022 US\$</b>
Interest expense on the issued Notes	42,250,000	42,965,903
Amortisation of transactions costs	2,541,934	1,671,698
Amortisation of premium on notes	(652,865)	589,178
	<b>44,139,069</b>	<b>45,226,779</b>

**6 Other operating income**

The account consists of:

	<b>for the year ended 30 Jun 2023 US\$</b>	<b>for the year ended 30 Jun 2022 US\$</b>
Expense reimbursement income	274,057	283,469
Corporate benefit fee	1,200	1,251
Interest in bank accounts	9,531	56
	<b>284,788</b>	<b>284,776</b>

**7 Administrative expenses**

The account consists of:

	<b>for the year ended 30 Jun 2023 US\$</b>	<b>for the year ended 30 Jun 2022 US\$</b>
Legal and professional fees	152,935	238,189
Directors' remuneration	47,669	-
Trustee fees	14,673	15,937
Audit fee	15,096	9,817
Tax compliance fee	16,347	3,323
Paying agent fees	25,000	12,375
Listing fees	2,337	828
Unrealised foreign exchange gain	(16)	(12)
Other expense	573	3,001
	<b>274,614</b>	<b>283,458</b>

**Notes to the financial statements  
for the financial year ended 30 June 2023**

**7 Administrative expenses (continued)**

**7.1 Directors' remuneration**

The directors received remuneration amounting to US\$47,669 for the year ended 30 June 2023 (2022: Nil).

There are no paid employees in the company during the financial year (2022: Nil)

**7.2 Auditors' remuneration (including expenses and excluding VAT)**

Information required by Section 322(1) of the Companies Act 2014 is as follows:

	<b>for the year ended 30 Jun 2023 US\$</b>	<b>for the year ended 30 Jun 2022 US\$</b>
Audit of the financial statements	15,096	9,817
Taxation compliance services	16,347	3,323
	<b>31,443</b>	<b>13,140</b>

**8 Taxation**

Tax charged in the statement of comprehensive income consists of:

	<b>for the year ended 30 Jun 2023 US\$</b>	<b>for the year ended 30 Jun 2022 US\$</b>
<b>Current taxation</b>		
Corporation tax for the financial year	2,668	205
<b>Tax expense in the statement of comprehensive income</b>	<b>2,668</b>	<b>205</b>

**Notes to the financial statements**  
**for the financial year ended 30 June 2023**

**8 Taxation (continued)**

The tax assessed for the year is higher than the standard rate of corporation tax in Ireland of 12.5% (2022: 12.5%).

The Company is a qualifying company within the meaning of Section 110 of the Taxes Consolidation Act (the "TCA") 1997. As such, the profits of the Company are chargeable to corporation tax under Case III Schedule D of the TCA at the rate of 25% but are computed in accordance with the provisions applicable to Case I Schedule D of the TCA.

The difference between the corporate tax charge based on the standard income tax rate in Ireland and the Company's effective tax rate is as follows:

	<b>for the year ended 30 Jun 2023 US\$</b>	<b>for the year ended 30 Jun 2022 US\$</b>
Profit/(Loss) before tax	(830,950)	(9,046,627)
ECL Adjustment	841,623	9,047,446
Taxable profit before tax	10,673	819
Profit/(Loss) before tax multiplied by the standard rate of corporation tax in the Republic of Ireland of 12.5%	1,334	103
Effect of higher tax rate applicable under Section 110 TCA 1997	1,334	102
<b>Total tax charge</b>	<b>2,668</b>	<b>205</b>

**9 Loan receivable**

The account consists of:

	<b>as at 30 Jun 2023 US\$</b>	<b>as at 30 Jun 2022 US\$</b>
Beginning, carrying amount	492,596,452	440,336,075
Loan advanced during the financial year	-	50,000,000
Premium on loans advanced during the financial year	-	539,942
Amortisation	1,889,568	1,720,435
Ending, carrying amount	494,486,020	492,596,452
Less: ECL provision (Note 16)	(9,889,069)	(9,047,446)
<b>End of the financial year</b>	<b>484,596,951</b>	<b>483,549,006</b>

For the year ended 30 June 2023, the Company provided a loan (the "Loan") to the Borrower amounting to US\$500 million (2022: US\$500 million) pursuant to the Loan Agreement.

**Notes to the financial statements  
for the financial year ended 30 June 2023**

**9 Loan receivable (continued)**

The detail of the Loan are as follows:

<b>Description</b>	<b>Issue date</b>	<b>Interest rate</b>	<b>Interest period</b>	<b>Maturity date</b>	<b>as at 30 Jun 2023 US\$</b>	<b>as at 30 Jun 2022 US\$</b>
US\$450 million Loan receivable	29 April 2021	8.45%	Semi-annual	29 April 2026	400,000,000	400,000,000
US\$50 million Drawdown	2 June 2021	8.45%	Semi-annual	29 April 2026	50,000,000	50,000,000
US\$50 million Drawdown	17 September 2021	8.45%	Semi-annual	29 April 2026	50,000,000	50,000,000
					<b>500,000,000</b>	<b>500,000,000</b>

After consent from the noteholders in March 2021, the Company redeemed the original US\$300million 12% notes through mandatory redemption.

Concurrently, the Company issued a US\$400 million 8.45% notes due 2026 (the “New Notes”) the proceeds of which was used by the Company to fund the tender offer with the remaining proceeds lent to the Borrower.

On 2 June 2021 the Company issued a further US\$50 million Notes which was consolidated with the New Notes to form a single issue.

On 17 September 2021, the Company issued a further US\$50 million Notes which was consolidated with the New Notes to form a single issue.

The Loan Agreement was amended and restated to match the payments the Company would be required to make under Original Notes and the New Notes.

Interest income from the Loan for the financial year ended 2023 amounted to US\$42,250,000 (2022: US\$42,965,903).

For the financial period ended 30 June 2023, the Company directors reviewed the recoverability of the loan under a fair value assessment. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions. The provision will be reviewed annually.

**Notes to the financial statements  
for the financial year ended 30 June 2023**

**10 Interest and other receivables**

The account consists of:

	<b>as at 30 Jun 2023 US\$</b>	<b>as at 30 Jun 2022 US\$</b>
Interest receivable	7,159,028	7,159,028
Reimbursement receivable	27,446	9,452
Prepayments	13,736	19,388
Other current assets	1	1
	<b>7,200,211</b>	<b>7,187,869</b>

The amounts above are due within one year.

**11 Issued notes**

The account consists of:

	<b>as at 30 Jun 2023 US\$</b>	<b>as at 30 Jun 2022 US\$</b>
Issued notes	500,000,000	450,000,000
New Tap Danube II	-	50,000,000
Premium on notes, net of amortisation	1,905,641	2,558,506
Capitalised transaction costs	(7,419,621)	(9,961,555)
	<b>494,486,020</b>	<b>492,596,951</b>

The Company has issued loan participation notes (the "Notes") for the sole purpose of financing the Loan to the Borrower amounting to US\$500 million. The Notes are listed on the Global Exchange Market of the Irish Stock Exchange. The details of the Notes are as follows:

	<b>Issue date</b>	<b>Interest rate</b>	<b>Interest period</b>	<b>Maturity date</b>	<b>as at 30 Jun 2023 US\$</b>	<b>as at 30 Jun 2022 US\$</b>
US\$450 million Loan Participation Notes	29 April 2021	8.45%	Semi-annual	29 April 2026	450,000,000	450,000,000
US \$50 million Loan Participation Notes	2 June 2021	8.45%	Semi-annual	29 April 2026	50,000,000	50,000,000
US \$50 million Loan Participation Notes	17 Sept 2021	8.45%	Semi-annual	29 April 2026	50,000,000	50,000,000
					<b>500,000,000</b>	<b>500,000,000</b>

**Notes to the financial statements  
for the financial year ended 30 June 2023**

**11 Issued notes (continued)**

In April 2021 (and September 2021) the Company issued US\$500m 5NC3 high yield bond ('the Notes') that will mature on 29 April 2026. The bond with ISIN code XS2326545204 is admitted on the Euronext Dublin under Global Exchange market ('GEM'). The Notes coupon started to accrue from 29 April 2021 at the rate of 8.45% per annum payable semi-annually in arrears on 29 April and 29 October each year commencing from 29 October 2021.

The Notes are secured, ranking equally with all existing and future senior indebtedness of the Issuer and have been unconditionally and irrevocably guaranteed by designated Group subsidiaries on the joint and several basis to the maximum extent permitted by law.

The noteholders will share in the benefit of the Security. The Security consists of substantially all of the movable assets (excluding commodities) of Agrofloris-Nord SRL, Elevatorul Iargara SA, Floarea Soarelui SA, Molgranum SRL, Trans Bulk Logistics SRL, Trans Cargo Terminal SRL, Uleinord SRL, Combinatul de Cereale Aur Alb SA, Elevatorul Kelley Grains SA, Trans Oil Refinery SRL and Reniyskiy Elevator ALC.

The Notes contain certain restrictive covenants that limit the ability of the Issuer and, where applicable, its restricted subsidiaries to create or incur certain liens, make restricted payments, engage in amalgamations, mergers or consolidations, or combination with other entities; make certain disposals and transfers of assets; and enter into transactions with affiliates.

The movement in the issued Notes during the financial year is as follows:

	<b>as at 30 Jun 2023 US\$</b>	<b>as at 30 Jun 2022 US\$</b>
Beginning of financial year	492,596,951	440,336,075
Issuance during the financial year	-	50,000,000
Transaction cost capitalised during the financial year	-	(660,287)
Premium on notes issuance during the financial year	↓	1,187,308
Amortisation	1,889,069	1,733,855
	<b>494,486,020</b>	<b>492,596,951</b>

On or after 29 April 2024, the Issuer may redeem the Notes in whole, but not in part, at the redemption prices (expressed as percentages of the principal amount of the Notes) set forth below, plus accrued and unpaid interest to (but excluding) the applicable redemption date, if redeemed during the periods indicated below:

<b>Period</b>	<b>Percentage</b>
Twelve-months beginning on 29 April 2024	104.225 per cent
Nine-months beginning on 29 April 2025	102.1125 per cent
Three-months beginning on 29 January 2026	100 per cent

At any time prior to 29 April 2024, upon not less than 30 nor more than 60 days' notice, the Issuer may redeem the Notes in an aggregate principal amount not to exceed 35 per cent. of the aggregate principal amount of the Notes with the net cash proceeds of one or more Equity Offerings, at a redemption price equal to 108.45 per cent of the principal amount redeemed, plus accrued and unpaid interest, if any, to the date of redemption, provided that at least 65% of the principal amount of the Notes remains outstanding immediately after each such redemption.

**Notes to the financial statements  
for the financial year ended 30 June 2023**

**11 Issued notes (continued)**

In addition, at any time prior to 29 April 2024, the Issuer may redeem the Notes in whole, by paying the principal amount, plus accrued interest, together with the Make Whole Premium as more fully described in the Conditions.

Upon a change of control event each noteholder has the right, but not the obligation, to require the Issuer to purchase the Notes at the purchase price equal to 100 per cent of their principal amount, plus accrued and unpaid interest to the purchase date.

The proceeds from the issue were used to finance an early redemption of the outstanding US\$ 300m 12% Notes due 2024 via an any-and-all tender offer and exit consent exercise with additional funds directed for general corporate purposes, including financing of the Group's working capital.

The Notes were rated in line with the Issuer's IDR by Fitch (B) and S&P (B-). The interest expense on these notes for the financial period was US\$42,250,000 (2022: US\$42,965,903).

On 17 September 2021 the Company issued a US\$50m tap of the US\$450m 5NC3 bond. It was priced at a yield of 8.45% / price of 104.033. Rating agencies reaffirmed the credit ratings of the Group and the Notes following the US\$50m tap issue - Fitch (B) and S&P (B-). The tap has been priced under the same Terms and Condition as the main issuance.

**12 Amounts due to borrower**

The account consists of:

	<b>as at 30 Jun 2023 US\$</b>	<b>as at 30 Jun 2022 US\$</b>
Amounts due to borrower	1,681	1,681
	<b>1,681</b>	<b>1,681</b>

**13 Trade and other payables**

The account consists of:

	<b>as at 30 Jun 2023 US\$</b>	<b>as at 30 Jun 2022 US\$</b>
Interest payable	7,159,028	7,159,028
Accruals	8,087	9,452
Funds Returned (inter group)	30,300	-
	<b>7,197,415</b>	<b>7,168,480</b>

The interest amounts classified above are payable within one year.

**Notes to the financial statements  
for the financial year ended 30 June 2023**

**14 Deferred income**

The account consists of:

	<b>as at 30 Jun 2023 US\$</b>	<b>as at 30 Jun 2022 US\$</b>
Deferred income - current	34,116	77,498
Deferred income - non-current	3,397	4,597
	<b>37,513</b>	<b>82,095</b>

Amounts due to cover expenses are included in deferred income and released to the statement of comprehensive income as the related expense is recognised.

**15 Called-up share capital presented as equity**

**Authorised shares**

	<b>as at 30 Jun 2023</b>		<b>as at 30 Jun 2022</b>	
	<b>No.</b>	<b>US\$</b>	<b>No.</b>	<b>US\$</b>
Ordinary shares of €1 each (US\$/€ 1.138)	100	114	100	114

**Allotted, called-up and fully paid shares**

	<b>No.</b>	<b>US\$</b>	<b>No.</b>	<b>US\$</b>
Ordinary shares of €1 each	1	1	1	1

The rights, preferences, and restrictions attached to the shares of Aragvi Finance International Designated Activity Company are outlined in its constitution:

*Rights*

All shares of the same class rank equally for dividends unless specified otherwise at the time of issuance. On a show of hands, every member present in person or by proxy has one vote, and on a poll, every member has one vote per share held. On winding up, the property of the company is distributed among members according to their rights and interests.

*Preferences*

Shares issued with special rights as to dividends or other preferences will retain those rights unless explicitly varied.

*Restrictions*

Members must pay calls on shares as determined by the directors, and unpaid calls may result in interest charges or forfeiture of shares. Directors may decline to register the transfer of shares at their discretion, except in specific cases involving secured parties. Members cannot vote at general meetings unless all calls or sums immediately payable on their shares have been paid.

## **16 Financial risk management**

The Company is exposed to various financial risks from the use of financial instruments. The Company established risk management policies to identify and analyse the risk it faces, set appropriate risk limits, monitor the risk and adhere to these limits. These risk limits are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company is exposed to (a) credit risk; (b) market risk; (c) liquidity risk and (d) capital risk. The Company's exposure and risk mitigation policies are described in this note.

The carrying amounts of the Company's financial assets and financial liabilities approximate their fair values. Financial assets and liabilities are measured at amortised cost in accordance with IFRS 9, and due to their short-term nature and/or the application of market-based interest rates, the carrying values represent a close approximation to their fair values. Accordingly, management considers that no fair value risk arises, and no further fair value disclosures are required under IFRS 9.25

### **Credit risk and impairment**

Credit risk is the risk of loss from the possibility that the Borrower should fail to meet their obligations to the Company and represents the most significant risk category for the Company. The Company monitors the financial condition of the Borrower and also monitors the Borrower's performance of its obligations under the Loan Agreement. The Notes are secured by the loan issued to the borrower. The parent company has provided a letter of comfort on behalf of the Borrower to ensure sufficient liquidity to meet obligations as they fall due.

#### *Impairment*

IFRS 9 requires an assessment of the expected credit loss associated with its financial instruments carried at amortised cost at each reporting date.

The Company's policy in determining and recognising impairment is consistent with IFRS 9. The estimation of the expected credit loss entails estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Company measures the ECL using probability of default, exposure at default and loss given default. In determining the ECL, the Company uses all relevant information including market convention for recovery from corporate entities and a probability of default study from an internationally recognised credit agency and adjust this information to apply the circumstances of the Borrower.

Expected Credit Loss (ECL) = Probability of default (PD) x loss given default (LD) x Exposure at default x Discount factor.

In estimating these components, the Directors exercise significant judgement and apply a number of key assumptions:

#### *Probability of Default (PD)*

The PD was derived by reference to global average corporate default rates for similarly rated instruments over a one-year horizon. Fitch and S&P reaffirmed the credit ratings of the Company and its Notes at B (Stable) and B- (Stable) respectively for the financial year. Based on these ratings and market data for comparable issuers, a PD rate of 3.13% was applied, consistent with average historical default experience for B-rated entities.

#### *Loss Given Default (LGD)*

LGD represents the proportion of exposure expected to be lost if a default occurs. The Directors considered Fitch's recovery rating assumptions for senior secured Eurobonds rated in line with TransOil's issuer default rating of B (recovery rating RR4). Fitch's waterfall analysis and market evidence for similar instruments indicated an average recovery rate of approximately 57%, implying an LGD of 43%. The Directors also reviewed recovery data published by S&P Global for comparable bonds (average recovery 51.7% between 2020–2022) and concluded that the Fitch-derived LGD remained appropriate.

#### *Exposure at Default (EAD)*

EAD corresponds to the carrying amount of the loan balance at the reporting date, as the exposure is fixed and non-revolving in nature.

**Notes to the financial statements  
for the financial year ended 30 June 2023**

**16 Financial risk management (continued)**

*Discount factor*

The effective interest rate ("EIR") of the financial asset was used to discount expected future cash shortfalls, consistent with IFRS 9 requirements.

In applying these assumptions, management also considered the absence of historical defaults within the TransOil group and the parent company guarantee covering the borrower's obligations, which supports the low likelihood of default and the appropriateness of the adopted parameters.

IFRS 9 outlines a three-stage model for impairment based in changes in credit quality since initial recognition. A financial instrument that is non-credit impaired on initial recognition is classified as 'Stage 1' and has its credit risk continuously monitored by the Company. If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information as explained below.

The Company considers default as any Events of Default as defined under the Loan Agreement between the Company and the Borrower. Primarily, the Company considers default as the Borrower failing to pay any amount of principal, interest or other amounts payable under the Loan within ten calendar days of the scheduled payment date or a bankruptcy case which arises against the Borrower and is not dismissed within 60 days. The Company also considers default as the Borrower failing to perform or observe any of its obligations under the Loan Agreement and such failure remains unremedied for a period of 30 calendar days after the written notice thereof from the Company to the Borrower.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company will make an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. 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.

The Company made an assessment, and it was determined that there had been no significant increase in credit risk since inception and therefore the Loan is classified as stage 1. The Company made an assessment of the expected credit loss as of 30 June 2022 and 2023 (referencing the current recovery analysis prepared by Fitch and also considering no history of default) and it was determined that it was prudent to recognise the calculated ECL in the financial statements under IFRS 9 and this is to be reviewed annually.

**Notes to the financial statements  
for the financial year ended 30 June 2023**

**16 Financial risk management (continued)**

The loss allowance for loan receivable as at 30 June 2023 reconciles to the opening loss allowance as follows:

	<b>as at 30 Jun 2023 US\$</b>	<b>as at 30 Jun 2022 US\$</b>
Opening loss allowance	9,047,446	-
Increase in the allowance recognized in Statement of Comprehensive Income	841,623	9,047,446
	<b>9,889,069</b>	<b>9,047,446</b>

The table below shows the Company's maximum exposure to credit risk and concentration of this risk.

	<b>as at 30 Jun 2023 US\$</b>	<b>as at 30 Jun 2022 US\$</b>	<b>Country</b>	<b>Industry</b>
Loan receivable	500,000,000	500,000,000	Moldova	Beverage, Food & Tobacco
Interest receivable	7,159,028	7,159,028	Moldova	Beverage, Food & Tobacco
Other receivables	27,445	9,452	Moldova	Beverage, Food & Tobacco
Cash and cash equivalents	51,811	72,230	United Kingdom	Financial institution
	<b>507,238,284</b>	<b>507,240,710</b>		

The credit ratings of the Company's financial counterparties are as follows:

	<b>2023</b>			<b>2022</b>		
	<b>Standard &amp; Poor's</b>	<b>Moody's</b>	<b>Fitch</b>	<b>Standard &amp; Poor's</b>	<b>Moody's</b>	<b>Fitch</b>
Trezeme Limited	B-	N/R	B	B-	N/R	B
Citibank N.A	A+	Aa3	A	A+	Aa3	AA-
BNY Mellon	AA-	A1	AA-	A	A1	AA-

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices and includes interest rate risk, currency risk and other price risk.

The Company's risk management objective is to manage and control the market risk to within an acceptable range by ensuring that any potential effects of market prices to the fair value or future cash flows of a financial instrument will be minimised by a matching opposite effect in the fair value or future cash flow of another financial instrument.

**Notes to the financial statements  
for the financial year ended 30 June 2023**

**16 Financial risk management (continued)**

**Foreign exchange risk**

The 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 manages its foreign exchange risk by ensuring that the Company will have financial assets that are denominated in the same currency as the financial liabilities such that any movement on foreign exchange will be offset.

	(All Amounts in US\$)					
	As at Jun 2023			As at Jun 2022		
	US Dollars	Euro	Total	US Dollars	Euro	Total
<b>Assets</b>						
Loan receivable (Note 9)	500,000,000	-	500,000,000	500,000,000	-	500,000,000
Interest receivable (Note 11)	7,159,028	-	7,159,028	7,159,028	-	7,159,028
Other receivables (Note 11)	-	27,446	27,446	-	9,452	9,452
Cash and cash equivalents	51,218	593	51,811	71,653	577	72,230
	507,210,246	28,039	507,238,285	507,230,681	10,029	507,240,710
<b>Liabilities</b>						
Issued notes (Note 12)	(500,000,000)	-	(500,000,000)	(500,000,000)	-	(500,000,000)
Interest payable (Note 14)	(7,159,028)	-	(7,159,028)	(7,159,028)	-	(7,159,028)
Other liabilities	-	(40,069)	(40,069)	-	(11,133)	(11,133)
	(507,159,028)	(40,069)	(507,199,097)	(507,159,028)	(11,133)	(507,170,161)
<b>Net exposure to foreign exchange</b>	<b>51,218</b>	<b>(12,030)</b>	<b>39,188</b>	<b>71,653</b>	<b>(1,104)</b>	<b>70,549</b>

As shown above, the Company has no significant exposure to currency risk.

**Notes to the financial statements  
for the financial year ended 30 June 2023**

**16 Financial risk management (continued)**

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in the market interest rates.

The Company's income and operating cash flows are substantially independent from the changes in market interest rates by holding financial assets with fixed interest rates which are substantially matched to the fixed interest rates on the financial liabilities that it holds.

	(All amounts in US\$)							
	As at 30 Jun 2023				As at 30 Jun 2022			
	Non-interest				Non-interest			
	Fixed	Variable	bearing	Total	Fixed	Variable	bearing	Total
<b>Assets</b>								
Loan receivable	500,000,000	-	-	500,000,000	500,000,000	-	-	500,000,000
Interest receivable	-	-	7,159,028	7,159,028	-	-	7,159,028	7,159,028
Other current assets	-	-	27,446	27,446	-	-	9,452	9,452
Cash and cash equivalent	-	51,811	-	51,811	-	72,230	-	72,230
	500,000,000	51,811	7,186,474	507,238,285	500,000,000	72,230	7,169,480	507,240,710
<b>Liabilities</b>								
Issued notes	(500,000,000)	-	-	(500,000,000)	(500,000,000)	-	-	(500,000,000)
Interest payable	-	-	(7,159,028)	(7,159,028)	-	-	(7,159,028)	(7,159,028)
Other liabilities	-	-	(40,069)	(40,069)	-	-	(11,133)	(11,133)
	(500,000,000)	-	(7,199,097)	(507,199,097)	(500,000,000)	-	(7,170,161)	(507,170,161)
<b>Net exposure to interest rate risk</b>								
	-	51,811	(12,623)	39,188	-	72,230	(1,681)	70,549

**Sensitivity analysis**

The Company's exposure to interest rate risk arises primarily from its loans receivable, interest receivable, issued notes and interest bearing payables. These items are predominantly subject to fixed interest rates, and as such, the company is not exposed to significant interest rate fluctuations. Management monitors the fixed rate profile on an ongoing basis, and no interest rate derivatives are currently employed. As the residual risk is considered immaterial. Accordingly, no sensitivity analysis has been presented.

**Notes to the financial statements  
for the financial year ended 30 June 2023**

**16 Financial risk management (continued)**

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities as they fall due.

The Company manages its liquidity risk by matching maturities of its financial liabilities with its financial assets. The maturity and interest payment dates on the Notes match the interest payment dates and maturity of the corresponding Loan. The future cash flows of the Company's financial assets and liabilities on an undiscounted basis as at the financial year-end dates are as follows:

**Liquidity risk table**

	Within 1 year US\$	Between 1 and 2 years US\$	Between 2 and 5 years US\$	Total US\$
<b>2023</b>				
<b>Assets</b>				
Loan receivable	-	-	500,000,000	500,000,000
Interest receivable	42,250,000	42,250,000	21,125,000	105,625,000
Other receivables	27,446	-	-	27,446
Cash and cash equivalents	51,811	-	-	51,811
	<u>42,329,257</u>	<u>42,250,000</u>	<u>521,125,000</u>	<u>605,704,257</u>
<b>Liabilities</b>				
Issued notes	-	-	(500,000,000)	(500,000,000)
Interest payable	(42,250,000)	(42,250,000)	(21,125,000)	(105,625,000)
Other liabilities	(40,069)	-	-	(40,069)
	<u>(42,290,069)</u>	<u>(42,250,000)</u>	<u>(521,125,000)</u>	<u>(605,665,069)</u>
	<b>39,188</b>	<b>-</b>	<b>-</b>	<b>39,188</b>
<b>2022</b>				
<b>Assets</b>				
Loan receivable	-	-	500,000,000	500,000,000
Escrow amounts receivable	-	-	-	-
Interest receivable	42,250,000	42,250,000	63,375,000	147,875,000
Other receivables	9,452	-	-	9,452
Cash and cash equivalents	72,230	-	-	72,230
	<u>42,331,682</u>	<u>42,250,000</u>	<u>563,375,000</u>	<u>647,956,682</u>
<b>Liabilities</b>				
Issued notes	-	-	(500,000,000)	(500,000,000)
Interest payable	(42,250,000)	(42,250,000)	(63,375,000)	(147,875,000)
Other liabilities	(11,133)	-	-	(11,133)
	<u>(42,261,133)</u>	<u>(42,250,000)</u>	<u>(563,375,000)</u>	<u>(647,886,133)</u>
	<b>70,549</b>	<b>-</b>	<b>-</b>	<b>70,549</b>

## **Notes to the financial statements for the financial year ended 30 June 2023**

### **16 Financial risk management (continued)**

The Notes are unconditionally and irrevocably guaranteed jointly and severally by the Parent Company, Agrofloris Nord S.R.L., I.C.S. Anengrain Group S.R.L., Elevatorul Iargara S.A., I.C.S. Flograin Group S.R.L., Floarea Soarelui S.A., Molgranum S.R.L., Prut S.A., I.C.S. Trans Bulk Logistics S.R.L., S.C. Trans Cargo Terminal S.R.L., I.C.S. Uleinord S.R.L., I.C.S. Unco Cereale S.R.L., Combinatul de cereale Aur Alb S.A., Elevator Kelley Grains S.A., I.M. Trans Oil Refinery S.R.L., I.C.S. Kelley Grains Corporation S.R.L. and Trans Oil International SA (the "Guarantors").

The Guarantors and Additional Liability Company "Reniyskiy Elevator", as the surety, has unconditionally and irrevocably agreed to ensure the due payment of all sums expressed to be payable by the Company or the Guarantors under the Notes.

The Company funds its operating expenses by recovering the amounts from the Borrower pursuant to the Loan Agreement between the Company and the Borrower whereby the Borrower undertakes to reimburse the Company all of its documented operating expenses.

#### **Capital risk management**

The Company is not subject to any externally imposed capital requirement. The share capital is not used for financing or investing activities of the Company. There is no change in the Company's capital management during the financial year.

### **17 Parent undertaking and related party transactions**

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions.

The Company has made a loan to the Borrower, Trezeme Limited. Information about the loan is discussed in note 9. Both the Company and the Borrower are 100% owned by Aragvi Holding International (immediate parent and ultimate parent of the group). The Company and the Borrower are members of a group of related parties of whom Mr. Vaja Jhashi is as of 30 June 2023 and during the financial year, the ultimate controlling party. Aragvi Holding International Ltd prepares consolidated accounts on an annual basis to 30th June. During the financial year the Company received US\$42,250,000 (2022: US\$42,965,903) in interest income from the Loan. As at the financial year end, there was an interest receivable of US\$7,159,028 (2022: US\$7,159,028) and loan receivable of US\$500,000,000 (2022: US\$500,000,000) due from the Borrower.

Gershliels Ltd T/A Vantru ("Vantru") provided corporate services to the Company at arm's length commercial rates. There are no directors of the Company that were also directors of Vantru, and in that regard they had no material interest in the transactions between the Company and Vantru during the period to 30 June 2023.

### **18 Subsequent events**

On 24 February 2022, a military conflict commenced between Russia and Ukraine which was an escalation of the conflict which began in 2014. There is volatility in the market, and the eventual impact on the global economy

**Notes to the financial statements  
for the financial year ended 30 June 2023**

and financial markets will largely depend on the duration of the conflict. The Borrower has not been adversely impacted by the conflict and the conflict has not had any impact on the Company, however, as the situation is ongoing, the directors are continually monitoring the conflict and its effect on the global economy which may impact the Company's operations. The directors will continue to monitor the situation.

On 24 October 2024, the board of directors authorized the company to enter into a new guaranteed and secured note transaction whereby the Company issued US\$550 million 11.125% secured notes due 2029 for the purposes of financing the purchase of any or all of the US\$500 million 8.45% secured notes due 2026 as well as payment of, if any, early redemption consent fees in connection with, and funding, a corresponding new loan to Trezeme Limited pursuant to a loan agreement dated 20 November 2024. In 2025, the company has since issued a further US\$100 million 11.125% secured notes due 2029, and together with the original notes in this series, are consolidated to form a single issue.

There were no other significant events between the Statement of Financial Position date and the date of signing of the financial statements, affecting the Company, which require adjustment to or disclosure in the financial statements.

**19 Charges**

There is one charge registered with the Companies Registration Office in the name of the Company as at the financial year end. The trust deed contains a charge whereby the Company charges by way of first fixed charge in favour of the Trustee and other secured creditors, all of the Company's rights, title and interest from time to time in and to the escrow property and the escrow account.

**20 Approval of the financial statements**

These financial statements have been authorised for issue and approved by the directors on 17 February 2026