

Sagasse Investment Holding RSC Ltd

DIRECTOR'S REPORT AND
FINANCIAL STATEMENTS

31 DECEMBER 2023

Sagasse Investment Holding RSC Ltd

DIRECTOR'S REPORT

31 DECEMBER 2023

Sagasse Investment Holding RSC LTD

DIRECTOR'S REPORT

For the period from 24 February 2023 (date of incorporation) to 31 December 2023

The Director has pleasure in submitting this report together with the audited financial statements of Sagasse Investment Holding RSC Ltd (the "Company") for the period ended 31 December 2023.

Activities

Sagasse Investment Holding RSC Ltd is a special purpose vehicle with principal activities of holding ownership of equity and non-equity assets including shares, debentures, bonds, loans and other forms of securities, and holding ownership of real estate, intellectual property, other tangible and intangible assets.

Results for the period

During the period, the Company earned an income of USD 325,359,453 and reported a total comprehensive income of USD 321,802,501.

Directors

The Director of the Company during the year was as follows:

- Mr. Syed Basar Shueb Syed Shueb (appointed 24 February 2023)

Director's statement to the disclosure to auditors

In so far as the Director is aware, there is no relevant information of which the Company's auditors are unaware.

The Company's auditors have been provided with access to all information of which we are aware that is relevant to the preparation of the financial statements.

Auditors

A resolution proposing the reappointment of Ernst & Young as auditors of the Company for the year ending 31 December 2024 will be put to the shareholders at the Annual General Meeting.



Syed Basar Shueb Syed Shueb
Director



Sagasse Investment Holding RSC Ltd

FINANCIAL STATEMENTS

31 DECEMBER 2023



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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SAGASSE INVESTMENT HOLDING RSC LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sagasse Investment Holding RSC LTD (the "Company") which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 24 February 2023 (inception date) to 31 December 2023, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) and in compliance with the applicable provisions of the Company's Articles of Association and Companies Regulations 2020 of Abu Dhabi Global Markets (ADGM), and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SAGASSE INVESTMENT HOLDING RSC LTD continued

Report on the Audit of the Financial Statements continued

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If 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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SAGASSE INVESTMENT HOLDING RSC LTD continued

Report on Other Legal and Regulatory Requirements

Further, as required by the Companies Regulations 2020 of ADGM, we report that, in our opinion:

- i) the financial statements include, in all material respects, the applicable requirements of the Companies Regulations 2020 of ADGM; and
- ii) the financial information included in the Director's report is consistent with the books of account and records of the Company.



Signed by:
Raed Ahmad
Partner
Ernst & Young

30 May 2024
Abu Dhabi

Sagasse Investment Holding RSC Ltd

STATEMENT OF COMPREHENSIVE INCOME

For the period from inception (note 1) to 31 December 2023

	<i>Notes</i>	<i>USD</i>
INCOME		
Interest income	3	<u>325,359,453</u>
EXPENSES		
Provision for expected credit losses on loan receivable	5	(3,544,426)
General and administrative expenses	4	<u>(12,526)</u>
		<u>(3,556,952)</u>
PROFIT FOR THE PERIOD		<u>321,802,501</u>
Other comprehensive income		<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>321,802,501</u>

The attached notes 1 to 12 form part of these financial statements.

Sagasse Investment Holding RSC Ltd

STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>Notes</i>	<i>2023</i> <i>USD</i>
ASSET		
Non-current asset		
Loan receivable	5	<u>1,996,455,574</u>
Current assets		
Accrued interest	5	66,575,342
Due from shareholder	7	1,000
Bank balance	6	<u>3,526,187</u>
		<u>70,102,529</u>
TOTAL ASSETS		<u>2,066,558,103</u>
EQUITY AND LIABILITY		
Equity		
Share capital	8	1,000
Additional capital contribution	9	2,000,000,000
Retained earnings		<u>66,545,239</u>
Total equity		<u>2,066,546,239</u>
Current liabilities		
Accrued expenses		9,524
Amount due to a related party	7	<u>2,340</u>
Total liabilities		<u>11,864</u>
TOTAL EQUITY AND LIABILITIES		<u>2,066,558,103</u>



Director



Group Chief Financial Officer

The attached notes 1 to 12 form part of these financial statements.

Sagasse Investment Holding RSC LTD

STATEMENT OF CHANGES IN EQUITY

For the period from inception (note 1) to 31 December 2023

	<i>Share capital USD</i>	<i>Additional contribution USD</i>	<i>Retained earnings USD</i>	<i>Total equity USD</i>
Share capital introduced	1,000	-	-	1,000
Additional contribution (note 9)	-	3,000,000,000	-	3,000,000,000
Repaid during the period (note 9)	-	(1,000,000,000)	-	(1,000,000,000)
Total comprehensive income for the period	-	-	321,802,501	321,802,501
Dividend paid (note 10)	-	-	(255,257,262)	(255,257,262)
	<u>1,000</u>	<u>2,000,000,000</u>	<u>66,545,239</u>	<u>2,066,546,239</u>

The attached notes 1 to 12 form part of these financial statements.

Sagasse Investment Holding RSC Ltd

STATEMENT OF CASH FLOWS

For the period from inception (note 1) to 31 December 2023

	<i>Notes</i>	<i>2023 USD</i>
OPERATING ACTIVITIES		
Profit for the period		321,802,501
Adjustment for:		
Provision for expected credit losses on loan receivable	5	<u>3,544,426</u>
		325,346,927
Working capital changes:		
Due from a shareholder		(1,000)
Accrued interest receivable		(66,575,342)
Accrued expenses		9,524
Amount due to a related party		<u>2,340</u>
		258,782,449
Loan receivable, net		<u>(1,210,000,000)</u>
Net cash flows used in operating activities		<u>(951,217,551)</u>
FINANCING ACTIVITIES		
Share capital issued		1,000
Capital contribution received	9	1,210,000,000
Dividend paid	10	<u>(255,257,262)</u>
Net cash flows from financing activities		<u>954,743,738</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS AND CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		<u><u>3,526,187</u></u>
Significant non-cash transactions excluded from the statement of cash flows are as follows:		
Loan receivable novated by the Previous Owner	9	<u>(790,000,000)</u>

The attached notes 1 to 12 form part of these financial statements.

Sagasse Investment Holding RSC LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

1 CORPORATE INFORMATION

Sagasse Investment Holding RSC LTD (the “Company”) is special purpose vehicle registered in Abu Dhabi Global Markets (“ADGM”) as a Private Company limited by shares under registration number 000009477. The Company was incorporated on 24 February 2023.

The Company is wholly owned by Two Point Zero A LLC (the “Parent Company”), an entity registered in Abu Dhabi, United Arab Emirates. During the period, the Company’s ownership was transferred from PAL Technology Services LLC (the “Previous Owner”) to the Parent Company. Royal Group Holding LLC is the Ultimate Parent Company.

The principal activities of the Company are to hold ownership of equity and non-equity assets including shares, debentures, bonds, and other forms of security, and holding ownership of real property, intellectual property, other tangible and intangible assets.

The Company’s registered office address is Sub-unit 1 of the Unit 4, Level 8, Al Sarab Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates.

These financial statements are the first financial statements for the Company and cover the period from 24 February 2023 (“inception date”) to 31 December 2023.

The financial statements of the Company for the period from inception to 31 December 2023 were authorized for issue on 30 May 2024.

2.1 BASIS OF PREPARATION

Statement of compliance

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (IASB) and the Companies Regulations 2020 of Abu Dhabi Global Market (ADGM).

Basis for measurement

The financial statements are prepared under the historical cost convention .

Functional and presentation currency

These financial statements have been presented in United States Dollar (“USD”) which is the functional and presentation currency of the Company.

2.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE

New and amended standards and interpretations

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements
- Amendments to IAS 21: Lack of Exchangeability
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Company does not expect that the adoption of these new and amended standards and interpretations will have a material impact on its financial statements.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below:

Impairment losses and non-collectability of loan receivable

The Company has adopted the simplified approach for measuring the expected credit losses (ECL) on its loan receivable. Under the simplified approach, the Company measures the loss allowance at an amount equal to lifetime ECL. The calculation of ECL is mainly driven by significant estimates such as the probability of default, loss given default and exposure at default.

At the reporting date, provision for expected credit losses against the loan receivable amounted to USD 3,544,426. Any difference between the amounts actually collected in future periods and the amounts expected to be received will be recognised in the consolidated statement of profit or loss.

Corporate taxes

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to a 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to have been substantively enacted for the purposes of accounting for Income Taxes.

Subsequently, the UAE CT Law has been supplemented by a number of Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions and other interpretive guidance of the UAE Federal Tax Authority provide important details relating to the interpretation of the UAE CT Law and are required to fully evaluate the impact of the UAE CT Law on the Company. The Company should be subject to the provisions of the UAE CT Law with effect from 1 January 2024, and current taxes shall be accounted for as appropriate in the financial statements for the period beginning 1 January 2024.

Based on the current provisions of the UAE CT Law (including interpretation based on the Ministerial decisions and related guidance) and in accordance with IAS 12 Income Taxes, the Company has considered related deferred tax accounting impact as at the reporting date. Following assessment of the potential impact of the UAE CT Law on the statement of financial position, the Company do not consider there to be material temporary differences on which deferred taxes should be accounted as of 31 December 2023.

The Company will continue to monitor the publication of subsequent Decisions and related guidance, as well as continuing its more detailed review of its financial matters, to consider any changes to the position at subsequent reporting dates.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION

Income

Income comprises interest income from bank deposits and loan receivable. Interest income is recognised as the interest accrues using the effective interest method.

Dividends

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholder. A corresponding amount is recognized directly in equity.

Financial instruments

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

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition as financial assets at fair value through profit or loss, fair value through other comprehensive income (OCI) or amortised cost. All financial assets are recognised initially at fair value plus in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. The Company's financial assets comprise loan receivable, accrued interest, amount due from the shareholder and bank balance.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognised on the trade date, which is the date that the Company commits to purchase or sell the asset.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a) Financial assets at amortised cost (loan and accrued interest and cash and bank balance);
- b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- d) Financial assets at fair value through profit or loss.

Financial assets at amortised cost

A financial asset is measured at amortised cost, if both the following conditions are met:

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial instruments continued

i) Financial assets continued

Financial assets at amortised cost continued

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of comprehensive income when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes loan receivables, accrued interest, amount due from a shareholder and bank balance.

Financial assets at fair value through OCI (debt instruments)

A financial asset is measured at fair value through other comprehensive income, if both of the following conditions are met:

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company does not have any debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32: Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of comprehensive income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2.4 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial instruments continued

i) Financial assets continued

Financial assets at fair value through profit or loss continued

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income.

The Company does not have any equity investments under financial assets at fair value through profit or loss.

Derecognition of financial assets

The Company derecognises a financial asset only when:

- the contractual rights to the cash flows from the asset expire; or
- it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset.

Impairment of financial assets

In relation to the impairment of financial assets, the Company applies the Expected Credit Loss (“ECL”) model. Under the expected credit loss model, the Company accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. It is not necessary for a credit event to have occurred before credit losses are recognised. The Company has adopted the simplified approach for measuring the impairment on its financial assets. Under the simplified approach, the Company measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprises bank balances and deposits with an original maturity of less than three months.

ii) Financial liabilities and equity instruments

All financial liabilities are classified as subsequently measured at amortised cost, except for:

- financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts; and
- commitments to provide a loan at a below-market interest rate.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial instruments continued

ii) Financial liabilities and equity instruments continued

At initial recognition, the Company may irrevocably designate a financial liability as measured at fair value through profit or loss when permitted, or when doing so results in more relevant information, because either:

- it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a financial liability is managed, and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the entity's key management personnel.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION continued

Taxes continued

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Value added tax ("VAT")

Expenses and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Foreign currencies

Transactions in foreign currencies are recorded at rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION continued

Fair value measurement

The Company measures financial instruments, such as, investments carried at fair value through profit or loss, at fair value at the statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which Company has access at that date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability;
- In the absence of a principal market, in the most advantageous market for the asset or liability;

The principal or the most advantageous market must be accessible to by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include comparison with similar instruments for which market observable prices exist, adjusted net asset method and other relevant valuation models.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Sagasse Investment Holding RSC LTD

NOTES TO THE FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICY INFORMATION continued

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- a) Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- b) Held primarily for the purpose of trading;
- c) Expected to be realised within twelve months after the reporting period; or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- a) It is expected to be settled in the normal operating cycle;
- b) It is held primarily for the purpose of trading;
- c) It is due to be settled within twelve months after the reporting period; or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

3 INTEREST INCOME

	<i>Period from inception (note 1) to 31 December 2023 USD</i>
Interest income on loan receivable	307,020,813
Interest income on fixed deposits	<u>18,338,640</u>
	<u><u>325,359,453</u></u>

4 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Period from inception (note 1) to 31 December 2023 USD</i>
Audit fee	9,524
Licensing cost	2,340
Bank charges	531
Foreign exchange loss	<u>131</u>
	<u><u>12,526</u></u>

Sagasse Investment Holding RSC LTD

NOTES TO THE FINANCIAL STATEMENTS

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5 LOAN RECEIVABLE

	<i>2023</i> <i>USD</i>
Loan receivable	2,000,000,000
Less: provision for expected credit losses	<u>(3,544,426)</u>
	<u>1,996,455,574</u>

During the period, the Company entered into a loan agreement with third-party borrower for the following:

	<i>2023</i> <i>USD</i>
Loan A	790,000,000
Loan B	<u>2,210,000,000</u>
	3,000,000,000
Repaid during the period	<u>(1,000,000,000)</u>
	<u>2,000,000,000</u>

Loan A

On 5 February 2023, the Previous Owner provided a USD denominated loan amounting to USD 790,000 thousand to the borrower. The loan carried a fixed interest rate of 15% per annum. Loan A was subsequently novated to the Company and was fully repaid by the borrower together with the accrued interest to the Company during the period from July 2023 to August 2023.

Loan B

On 7 March 2023, the Company provided a USD denominated loan amounting to USD 2,210,000 thousand to the borrower. The loan carries a fixed interest rate of 15% per annum which is receivable on a semi-annual basis. During the period, USD 210,000 thousand was repaid by the borrower together with the accrued interest. The remaining principal loan balance of USD 2,000,000 thousand is receivable through a bullet payment on 31 December 2028.

Management recorded an allowance for expected credit loss of USD 3,544 thousand against the loan receivable as at 31 December 2023 using lifetime ECL approach.

Interest income recognized on both loans during the period amounted to USD 307,020,813 (note 3). The accrued interest for the period amounted to USD 66,575,342 as of 31 December 2023.

6 BANK BALANCE

	<i>2023</i> <i>USD</i>
Bank balance	<u>3,526,187</u>

The Company has determined the expected credit loss on bank balance to be insignificant considering that the counterparty banks are investment grade category and has a low probability of default and loss given default. Bank balance is maintained with a local commercial bank and is denominated in USD. .

Sagasse Investment Holding RSC LTD

NOTES TO THE FINANCIAL STATEMENTS

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7 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties represent the shareholders and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Balances with related parties included in the statement of financial position are as follows:

	<i>2023</i> <i>USD</i>
Due from shareholder	<u>1,000</u>
<i>Amount due to a related party:</i>	
PAL Technology Services LLC	<u>2,340</u>

Transactions with related parties included in the statement of comprehensive income are as follows:

	<i>Period from inception (note 1) to 31 December 2023 USD</i>
Expenses paid by a related party on behalf of the Company	<u>2,340</u>

The Company does not have any key management personnel. During the period, the Parent Company provided certain administrative services to the Company free of charge.

8 SHARE CAPITAL

The authorized, issued and paid-up share capital of the Company comprises 1,000 shares at USD 1 each.

	<i>31 December 2023</i>	
	<i>No. of shares</i>	<i>Value USD</i>
Share capital	<u>1,000</u>	<u>1,000</u>

9 ADDITIONAL CAPITAL CONTRIBUTION

During the period, the Company received additional capital contribution of USD 3 billion as follows:

	<i>2023 USD</i>
Novation of Loan A to the Company (note 5)	790,000,000
Received in cash	<u>2,210,000,000</u>
	<u>3,000,000,000</u>

During the period, the Company, at its sole discretion, repaid USD 1 billion to the additional capital contribution to shareholder.

The additional capital contribution is interest-free and does not constitute a liability or obligation of the Company, and is repayable at the sole discretion of the Company.

Sagasse Investment Holding RSC LTD

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10 DIVIDEND

The shareholder of the Company approved a cash dividend of USD 255,257,262 which was paid during the period.

11 FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and foreign currency risk. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative or risk management purposes.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk is limited to the carrying values of financial assets in the statement of financial position.

Majority of the exposure arises from balances with banks and loan receivable. Management is confident in its ability to continue to control and minimise the loss arising from its exposure to credit risk resulting from the balances with banks based on the fact that cash balance is held with a reputable bank and therefore, the risk of default is considered negligible.

The Company has exposure to one counterparty with respect to its loan receivable. The Company used external ratings for the specific counterparty and/or comparable proxy companies in order to measure its credit risk exposure against the counterparty.

The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counterparties fail to perform their obligations, generally approximates their carrying value.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with its financial liabilities when they fall due. The consequence may be the failure to meet obligations and fulfil commitments. Prudent liquidity risk management implies maintaining a level of bank balance deemed adequate by management to finance the Company's activities. Liquidity requirements are monitored regularly and management ensures that sufficient funds are available to meet any commitments as and when they arise. All the Company's financial liabilities fall due within one year.

The Company limits its liquidity risk by ensuring banking facilities and funding from majority shareholder is available.

Liquidity risk

The contractual payment terms of all financial liabilities of the Company are as follows:

	<i>Less than 1 year USD</i>	<i>More than 5 years USD</i>	<i>Total USD</i>
<i>At 31 December 2023</i>			
Amount due to a related party	<u>2,340</u>	=	<u>2,340</u>

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The majority of transactions are in US Dollar, and accordingly, the Company is not exposed to significant currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in market interest rates. The Company does not have exposure to the risk of changes in market interest rates related to the Company's loan receivable which carries a fixed rate of interest.

NOTES TO THE FINANCIAL STATEMENTS

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11 FINANCIAL RISK MANAGEMENT AND OBJECTIVES continued

Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. Capital comprises share capital, capital contribution and retained earnings and is measured at USD 2,066,546,239.

12 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of loan receivable, accrued interest, due from a shareholder and bank balance. Financial liabilities consist of amount due to a related party.

The fair values of financial instruments are not materially different from their carrying values.