AshGrove Specialty Lending Investments I Designated Activity Company

Annual Report and Audited Financial Statements
For the year ended 31 December 2021

Registered number 660491

AshGrove Specialty Lending Investments I Designated Activity Company

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Directors	Ross McCann Lina Chi McGrath (Resigned on 07 February 2022) Brian Kelleher (Appointed on 07 February 2022)
Registered Office	1st Floor, 118 Baggot Street Lower, Dublin 2, Ireland
Manager	AshGrove Capital Management Ltd, First Floor, Albert House South Esplanade, St Peter Port Guernsey
Investment Adviser	AshGrove Capital LLP, 12 Little Portland Street London W1W 8BJ United Kingdom
Statutory Audit Firm	PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, One Spencer Dock, North Wall Quay, Dublin 1, Ireland
Legal Advisor	Maples Group, 75 St. Stephens Green, Dublin 2 Ireland
Administrator	Alter Domus (Ireland) Limited, 1st Floor, 118 Baggot Street Lower, Dublin 2, Ireland
Bankers	Bank of Ireland 103, Upper Leeson St, Dublin 4, Ireland
Company Secretary	Alter Domus (Ireland) Limited, 1st Floor, 118 Baggot Street Lower, Dublin 2, Ireland

Directors' report

The directors of AshGrove Specialty Lending Investments I Designated Activity Company (the "**Company**"), a designated activity company registered in Ireland, present the annual report and audited financial statements of the Company for the financial year from 01 January 2021 to 31 December 2021.

Principal activities, review of the business and future developments

The Company was incorporated in Ireland on 12 November 2019 with the Companies Registration Office, registration number 660491.

The principal activity of the Company is to invest in lower mid-market credit opportunities to pan-European small to medium sized enterprises, and participate in investments that are in line with the Company's objective and expectations.

On 18 December 2019, the Company issued Profit Participating Notes (the "**PPN**") of €400,000,000 due to mature in 2027 to AshGrove Specialty Lending Fund I LP, a partnership incorporated in Guernsey (the "**Guernsey Noteholder**"). On 17 December 2020, the Guernsey Noteholder assigned and transferred PPN in an amount of €149,532,710 to AshGrove Specialty Lending Fund I SCSp RAIF (the "**Luxembourg Noteholder**", and together with the Guernsey Noteholder, the "**Noteholders**"). On 17 December 2021, the Guernsey Noteholder assigned and transferred PPN in a further amount of €107,947,290 to the Luxembourg Noteholder. The PPN is a limited recourse note and is listed on the Guernsey International Stock Exchange. Refer Note 15 for further information.

As at the financial year end, the Company carried €83,925,613 (2020: €21,021,863) worth of investments. This included four new borrowers added in 2021 (2020: two borrowers). The Company had drawn down PPNs of €26,785,070 (2020: €23,961,000) and borrowed €36,585,990 (2020: €nil) from the Financial Institution to fund investments during the financial year. Investment activity post year-end is disclosed in Note 20 Subsequent events.

The Company had net gains (including interest income and other fees) on investments of €9,249,840 (2020: €2,054,748) and net loss in fair value (including interest expense) of the PPN of €6,601,473 (2020: €2,053,405) during the financial year. As at the financial year end, the Company generated a net profit of €750 (2020: €811) after tax, which has been transferred to reserves.

The Company has appointed AshGrove Capital Management Ltd (the "**Manager**") with responsibility for portfolio management and risk management in accordance with the Management Agreement. The Manager has appointed AshGrove Capital LLP (the "**Investment Adviser**") to provide investment advice and certain other ancillary services in accordance with the Investment Advisory Agreement.

Principal risks and uncertainties

As it undertakes activities to achieve its objectives, the Company is subject to various risks. The key risks facing the Company include both business operational risks and financial risks. The Company, in consultation with the Investment Adviser, has implemented risk management policies and certain procedures to manage and mitigate these risks, which remain consistent with prior year.

Business operational risks arise from a wide variety of causes associated with the company's processes, personal, and infrastructure, and from external factors other than credit, markets and liquidity issues such as those arising from legal and regulatory requirements and generally accepted standards to corporate behaviour. The Company approaches each lending opportunity with the objective of preserving capital while taking an appropriate level of risk for expected return. The investment process of the Investment Adviser focusses on risk management, business valuation and creditor documentation.

The directors remain mindful of the continued market uncertainty due to the macroeconomic repercussions caused by the global COVID-19 pandemic in FY2020 and FY2021, and the evolving Russia/Ukraine crisis as at the date of this report, but are pleased with the development of the portfolio. All new investments in FY2021 and existing investments from the prior period are performing well, despite the overall economic backdrop. Accordingly the directors have concluded there to be no impact on the Company's ability to continue as a going concern for the foreseeable future.

The Investment Adviser, on behalf of the Company, continues to be very disciplined and focussed on achieving the right risk controls on new investments in the current macroeconomic backdrop.

Further information on financial risk management is disclosed in Note 16 of these audited financial statements.

Directors' report (continued)

Going concern

The directors consider the Company to be a going concern as explained in Note 2 to the financial statements.

Results and distributions

During the financial year, the Company generated a net profit of €750 (2020: €811) after tax and distributed PPN interest of €2,500,000 (2020: €2,085,429) to the Noteholders.

Capital Structure

The Company has issued 1 share, of the total authorised share capital of €1,000,000, divided into 1,000,000 shares of €1 each. The issued share capital is held by Acorn Investments Limited on behalf of a charitable trust. Each share carries the right to full vote at general meetings of the Company. The PPN holds seniority over the share capital.

Accounting records

The directors are responsible for ensuring that adequate accounting records, as outlined in Section 281 to 285 of the Companies Act 2014, are kept by the Company. The directors have taken measures to ensure compliance with the Company's obligation to keep adequate accounting records by the use of appropriate systems and procedures and by ensuring that a competent service provider is responsible for the preparation and maintenance of the accounting records. The Company has appointed Alter Domus (Ireland) Limited (the "**Administrator**") to provide corporate services to the Company. The accounting records are kept by the Company Secretary at 1st Floor, 118 Lower Baggot Street, Dublin 2, Ireland.

Political donations

The Electoral Act, 1997, (as amended in 2012) requires companies to disclose all political donations over €200 in aggregate made during a financial year. The directors, on enquiry, have satisfied themselves that no such donations in excess of this amount have been made by the Company during the financial period.

Subsequent events

On 24th February 2022, Russian forces advanced into Ukraine launching a large-scale military invasion. The conflict continues to escalate with devastating implications for the region both politically and economically in addition to the human tragedies. In an attempt to deter the Russian advances, the EU, the United States and other NATO countries have imposed severe sanctions on Russian economy including banks, state-owned enterprises (SOEs) and individuals with close links to the President of Russia. The effect of these sanctions has led to sharp increases in the price of commodities, a depreciation in Russian Ruble, the assets of Russia's central bank have been frozen and travel restrictions imposed. To date the conflict has not had an impact on the performance of the Company. The direct and indirect impacts of this situation are being closely monitored as it pertains to this Company.

Subsequent to the period end, there was further investment related activity and upsizes of existing investments. Refer to Note 20 of the financial statements for details.

On 7th of February 2022, Lina Chi McGrath resigned from the Board of directors and Brian Kelleher has been appointed as a director of the Company with effect from the same date.

Pursuant to the amended and restated facility agreement dated 25 March 2021 with Silicon Valley Bank, the Subscription Facility (as described in Note 7) was extended by one further year with effect from 24th March 2022. The Subscription Facility extended maturity date is 23rd March 2023.

As at the date of approving the financial statements there have been no other significant subsequent events requiring adjustment to or disclosure in the financial statements for the financial year ended 31 December 2021.

Directors and company secretary

The directors and company secretary of the Company, except where indicated, have served for the entire year.

The directors of the Company are listed below:

Ross McCann
Lina Chi McGrath (resigned on 07 February 2022)
Brian Kelleher (appointed on 07 February 2022)

The directors and company secretary had no material interest in any contract of significance in relation to the business of the Company other than that disclosed in the related party transactions in Note 18. The directors and company secretary did not hold any shares, debentures warrant, share options or loan stock of the Company or any other group company requiring disclosure pursuant to section 329 of the Companies Act 2014 at the beginning of the financial period, during the financial year and at the end of the financial year.

The terms of the corporate services agreement in place between the Company and the Administrator provide for a single fee for the provision of corporate administration services (including the making available of individuals to act as directors of the Company). The individuals acting as directors do not (and will not), in their personal capacity or any other capacity, receive any fee for acting or having acted as directors of the Company. For the avoidance of doubt, notwithstanding that the directors of the Company are employees of the Administrator, they each do not receive any remuneration for acting as directors of the Company.

The Administrator received €6,000 (2020: €6,000) as consideration for the making available of individuals to act as directors of the Company.

Directors' report (continued)

Audit Committee

The Company is not a large company as defined by Section 167 of the Companies Act 2014 and has therefore availed of the exemption available and has not established an audit committee.

Statement on relevant audit information

The directors confirm that:

● So far as the directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
● The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the Companies Act 2014, Section 330.

Independent auditors

The auditor, PricewaterhouseCoopers, Statutory Audit Firm has expressed their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year giving a true and fair view of the Company's assets, liabilities and financial position at the end of the financial year and the profit or loss of the Company for the financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards ("**IFRS"**) as adopted by the EU and the Companies Act 2014.

Under Irish law, the directors shall 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 period and the profit or loss of the Company for the financial period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to:

• correctly record and explain 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; and
• enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors 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.

The financial statements were approved by the Board on 28 April 2022 and signed on its behalf by:

.. RWMcG ……. Brian Kelleher
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Independent auditors' report to the members of AshGrove Specialty Lending Investments I Designated Activity Company

Report on the audit of the financial statements

Opinion

In our opinion, AshGrove Specialty Lending Investments I Designated Activity Company's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements, which comprise:

- the Statement of Financial Position as at 31 December 2021;
- the Profit and Loss Account and Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Materiality

- €878,004 (2020: €242,901)
- Based on 1% of Total Assets.

Audit Scope

- The principal activity of the Company is to invest in credit opportunities to pan-European small to medium sized enterprises and participate in investment opportunities in line with the Company's objective. We tailored the scope of our audit taking into account the types of investments held by the company, the accounting processes and controls, and the industry in which the company operates.

Key audit matters

- Valuation and existence of investments held at fair value through profit or loss - loan investments.

The scope of our audit

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.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, 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.

Key audit matter	***How our audit addressed the key audit matter***
Valuation and existence of investments held at fair value through profit or loss - loan investments Loan investments at 31 December 2021 are measured at fair value through profit or loss. Refer to the note 3(e) (the accounting policy for Financial assets and liabilities), note 3(d) (Critical accounting judgements and use of estimates) and note 9 (Investments at fair value through profit and loss). As set out in to note 3 (e) (Financial assets and liabilities – Valuation of financial instruments) under IFRS 9, a financial asset is measured at fair value through profit or loss if it is not managed within a business model that has the objective of collecting contractual cash flows. The Company has full flexibility to originate loans, hold to collect loans, to sell loans or acquire already originated loans. Apart from cash flows that are solely payments of principal and interest (SPPI), the overall returns to the Company will also be from additional aspects such as call protection, payment in kind, interest receipts and value created through equity interests and other equity like features (e.g. synthetic equity, warrants and options). Based on the assessment, the Company's loan investments do not pass the Business Model and SPPI test and therefore loan investments are measured at fair value through profit and loss ("FVTPL"). We focused on the valuation and existence of the loan investments because they make up a significant portion of the Statement of Financial Position and the determination of fair value by the management is subject to judgement and estimation.	We understood and evaluated the processes and the methodology applied by the Company for the valuation of loan investments. The procedures performed were as follows: ● Obtained an understanding of and evaluated the controls in place around the investment process, including deal sourcing, investment analysis, and due diligence; ● Considered whether the accounting policy in relation to the portfolio of loan investments is appropriate under International Financial Reporting Standards as adopted by European Union; ● Obtained an understanding of the Investment Advisers valuation process including estimates and assumptions involved in the valuation process by obtaining a detailed understanding of the discounted cash flow model used in valuing the investments, and ensuring the process was in line with the stated accounting policy; ● Performed detailed testing over the discounted cash flow models used to value the loans at fair value through profit or loss, including: ○ Tested the mathematical accuracy of the models and checked the appropriateness of the formulas used; ○ Tested the calculation of the discount rate by agreeing the inputs into the calculation back to supporting information and rationale; ○ Tested the inputs to the models to the underlying loan agreements and related documents; ○ Assessed the appropriateness of the assumptions made in the discounted cashflow models and challenged management on those assumptions which were more subjective in nature

Key audit matter	*How our audit addressed the key audit matter*
	such as discount rates or repayment dates; and ○ Performed stress-testing on a sample of inputs to assess how changes to inputs could impact potential values of the loan investments. ● Evaluated subsequent events up to the date of approval of the financial statements and any material impact on the fair value of the loan investments; ● Confirmed the existence of the loan investments as at 31 December 2021 by obtaining independent third party confirmations from the borrowers and confirming various terms of the loans as well as outstanding balances as at 31 December 2021. We did not identify any material issues as a result of performing these procedures.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough 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 controls, and the industry in which it operates.

The Company is a special purpose company with limited liability and qualifies for the regime contained in Section 110 of the Irish Taxes Consolidation Act, 1997 (the "TCA"). The principal activity of the Company is to invest in credit opportunities to pan-European small to medium sized enterprises and participate in investment opportunities in line with the Company's objective. We tailored the scope of our audit taking into account the types of investments held by the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, 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.

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

Overall materiality	€878,004 (2020: €242,901).
How we determined it	1% of Total Assets.
Rationale for benchmark applied	The Company is an asset-based investment entity.

We agreed with the Board of Directors that we would report to them misstatements identified during our audit above 5 basis points of the Company's Total Assets (2020: 10 basis points of the Company's Total Assets) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

The directors' assessment of going concern considered 1) the level of uncalled commitments to underlying investments, 2) the maturity date of loans received from the financial institution 3) the level of uncalled commitments from investors, and 4) the availability of internal financial resources to the Company: including i) portfolio composition and performance, ii) cash on hand and iii) income generated from the underlying portfolio.

We obtained an understanding of the liquidity risks and capital management of the Company and the measures to mitigate and manage these risks as disclosed in note 16 (2) (Financial risk management - Liquidity risk) and note 16 (3) (iv) (Capital risk management) over the going concern period (12 months from the date of approval of the financial statements) by considering management's assessment of going concern which has been approved by the directors.

We considered the appropriateness of the going concern assessment of the Company by:

- obtaining Management's going concern assessment with respect to the going concern status and ongoing viability of the Company as at 31 December 2021;
- understanding the financial commitments of the Company for the next 12 months;
- understanding the maturity date and the limited recourse nature of the Notes and agreeing same to the legal documents of the Company;
- assessing the liquidity position of the Company including verifying cash held; and
- noting that additional funds may be drawn from the Noteholders in order to fund the repayment of the loan received from the financial institution and to undertake discretionary follow-on investments.

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.

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

Reporting on other information

The other information comprises all of the information in the Annual Report and Audited Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they 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 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 auditors' 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body 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 other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

Other exception reporting

Directors' remuneration and transactions

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

Fíona de Búrca
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
28 April 2022

AshGrove Specialty Lending Investments I Designated Activity Company

Annual Report and Audited Financial Statements

For the year ended 31 December 2021

Profit and Loss Account and Statement of Comprehensive Income

	Notes	01 January 2021 31 December 2021 €	12 November 2019 31 December 2020 €
Income			
Net gains on investments	4	9,249,840	2,054,748
Net change in fair value of profit participating notes (PPN)	15	(6,601,473)	(2,053,405)
Net losses on foreign exchange forwards	11	(2,090,949)	(17,204)
Net other foreign exchange gains / (losses)	5	(145,805)	124,848
Other Income		1,260	-
Total income		**412,873**	**108,987**
Expense			
Administration and other expense	6	(124,387)	(107,904)
Net operating profit		**288,486**	**1,083**
Finance Cost	7	(287,486)	-
Net profit for the financial year/period before tax		**1,000**	**1,083**
Taxation	8	(250)	(272)
Net profit for the financial year/period after tax		**750**	**811**
Other comprehensive income		-	-
Total comprehensive income for the financial year/period		**750**	**811**

Gains and losses arise solely from continuing activities

The accompanying notes are an integral part of the financial statements.

AshGrove Specialty Lending Investments I Designated Activity Company
Annual Report and Audited Financial Statements
For the year ended 31 December 2021

Statement of Financial Position

	Notes	As at 31 December 2021 €	As at 31 December 2020 €
Assets			
Non-current assets			
Investments at fair value through profit or loss	9	82,979,242	20,892,931
Current assets			
Investments at fair value through profit or loss	9	946,371	128,932
Trade and other receivables	10	3,268,220	3,268,209
Cash and cash equivalents	12	606,550	-
Total current assets		**4,821,141**	**3,397,141**
Total assets		**87,800,383**	**24,290,072**
Equity			
Share capital	13	1	1
Retained earnings		1,561	811
Total equity		**1,562**	**812**
Liabilities			
Current liabilities			
Loans received from the Financial Institution	7	32,348,692	-
Trade and other payables	14	216,309	134,054
Financial liabilities at fair value through profit or loss	11	418,301	226,230
		32,983,302	**360,284**
Non-current liabilities			
Profit participating notes at fair value through profit or loss	15	54,815,519	23,928,976
Total liabilities		**87,798,821**	**24,289,260**
Total equity and liabilities		**87,800,383**	**24,290,072**

The financial statements of AshGrove Specialty Lending Investments I Designated Activity Company (Registered number: 660491) were approved by the Board on 28 April 2022 and signed on its behalf by:

RWMcG　　Brian Kelleher

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Equity
For the year ended 31 December 2021

	Share Capital €	Retained Earnings €	Total €
As at 12 November 2019	-	-	-
Issued share capital	1	-	1
Total comprehensive income for the financial period	-	811	811
As at 31 December 2020	**1**	**811**	**812**

	Share Capital €	Retained Earnings €	Total €
As at 01 January 2021	1	811	812
Issued share capital	-	-	-
Total comprehensive income for the financial year	-	750	750
As at 31 December 2021	**1**	**1,561**	**1,562**

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

	Notes	01 January 2021 31 December 2021 €	12 November 2019 31 December 2020 €
Cash flows from operating activities			
Profit for the financial period after taxation		750	811
Adjustments for:			
Finance cost		287,486	-
(Increase) in trade and other receivables	10	(11)	(1)
Increase in trade and other payables	14	82,255	134,054
Net change in fair value of investments	9	(9,223,434)	(2,054,748)
Net change in fair value of profit participating notes	15	6,601,473	2,053,405
Capitalisation of interest (PIK)	9	(681,640)	-
Unrealised losses on foreign exchange forwards	11	192,071	226,230
Net cash (outflow)/inflow from operating activities		**(2,741,050)**	**359,751**
Cash flows from investing activities			
Origination of debt investments	9	(70,598,899)	(21,457,134)
Origination of equity investments	9	(3,000,000)	
Sub-participation in debt investments	9	11,500,961	-
Disposal in equity investments	9	1,500,000	
Interest and similar income received	9	7,599,262	2,490,019
Net cash (outflow) from investing activities		**(52,998,676)**	**(18,967,115)**
Cash flows from financing activities			
Proceeds from drawdown of profit participating notes	15	26,785,070	20,692,792
PPN interest distribution paid to Noteholders	15	(2,500,000)	(2,085,428)
Loans received from the Financial Institution	7	36,585,990	-
Loans repaid to the Financial Institution	7	(4,237,298)	-
Finance cost paid	7	(287,486)	-
Net cash inflow from financing activities		**56,346,276**	**18,607,364**
Net increase in cash and cash equivalents		**606,550**	**-**
Cash and cash equivalents at beginning of financial year/period		-	-
Cash and cash equivalents at end of financial year/period		**606,550**	**-**
Cash received on behalf of the Company by AshGrove Specialty Lending Fund I LP		-	1,162,207
Cash paid on behalf of the Company by AshGrove Specialty Lending Fund I LP		-	(1,168,452)

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

Note 1 Company information

The Company was incorporated on 12 November 2019, under the laws of Ireland with registration number 660491. The Company's registered office is at 1st Floor, 118 Lower Baggot Street, Dublin 2. The Company is a special purpose company with limited liability and qualifies for the regime contained in Section 110 of the Irish Taxes Consolidation Act, 1997 (the ''**TCA**"). This provides that a qualifying company will be liable to corporation tax at the rate of 25% under Case III of Schedule D of the TCA in respect of taxable profits.

The principal activity of the Company is to invest in European lower mid-market credit opportunities in line with the Company's objective and expectations. Investments are funded from the proceeds of the Profit Participating Notes (the ''**PPN**") issued by the Company to the Noteholders (as defined in the Directors' Report). The PPN is listed on the Guernsey International Stock Exchange.

Note 2 Going concern

These financial statements have been prepared on a going concern basis.

The Company meets its working capital requirements through profits generated from investments or from drawdowns of the PPN issued. At 31 December 2021, the Company was in a net profit position. This is in line with the Company's expectation, and further investments are expected to be made in the coming year. See liquidity risk disclosure in Note 16.

In addition, the holders of the PPN shall have recourse only to the assets of the Company, subject to any prior ranking claims thereon (''**Available Assets**") for the discharge of any payments due on the PPN. If after the Available Assets have been realised and the net proceeds are insufficient for the Company to make all payments on the PPN, the obligations of the Company shall be limited to such net proceeds of realisation and discharged accordingly.

The Company is aware of the continued macroeconomic repercussions from the outbreak of the coronavirus pandemic ("**COVID-19**") in 2020, as well as the current evolving Russia/Ukraine crisis, and remains close to the developments. The directors, whilst remaining mindful of the overall economic uncertainty created by these external factors, are pleased with the development of the portfolio, with all the investments performing well despite the overall economic backdrop, and the Investment Adviser continues to be very disciplined and focused on achieving the right risk controls on new investments. In light of these circumstances, the directors believe that there is a reasonable expectation that the Company is well placed to manage its business risks and has adequate resources to continue in operational existence for the foreseeable future. Thus, it will continue to adopt the going concern basis of accounting in the preparation of the financial statements.

Note 3 Summary of significant accounting policies

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

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (''**IFRS**") as adopted by the EU and the Companies Act 2014.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Company's financial statements are disclosed in Note 3(d).

(b) Functional and presentation currency

Items included in the financial statements of the Company are measured in the currency of the primary economic environment in which the Company operates. The Company is funded through PPN which are denominated in Euro, and the performance of the Company is measured and reported in Euro. The directors consider the Euro as the currency that most faithfully represents the economic effects of the overall businesses events and conditions. The financial statements of the company are presented in Euro denoted by the symbol ''€", which is the Company's functional and presentation currency.

Transactions in currencies other than Euro are recorded at the rates of exchange prevailing on the dates of the transactions. At each period-end date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the Statement of Financial Position date. Non-monetary assets and liabilities held at historic cost, that are denominated in foreign currencies are translated at the spot rate prevailing on the transaction date with no revaluation taking place at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised and included in the Profit and Loss Account and Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

Note 3 Summary of significant accounting policies (continued)

(c) Adoption of new and revised accounting standards

The IFRS adopted by the EU applied by the Company in the preparation of its financial statements are those that were effective for the financial year ended on 31 December 2021. The Company has applied all relevant and applicable standards.

New accounting pronouncements and amended standards adopted by the Company

Accounting standards in issue and effective for reporting periods beginning on 01 January 2021 have been adopted by the Company.

Standards issued and effective

Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one.

The Phase 2 amendments provide the following reliefs:

a) When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement.

b) The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue.

However, additional ineffectiveness might need to be recorded. Affected entities need to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition. Given the pervasive nature of IBOR-based contracts, the reliefs could affect companies in all industries. The amendment is effective January 1, 2021. The amendment had no material impact on the Company's performance during the current reporting period.

Standards issued but not yet effective

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what 'material accounting policy information' is and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendment is effective January 1, 2023.

Definition of Accounting Estimates – Amendments to IAS 8
The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The amendment is effective January 1, 2023.

A number of other new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

The directors anticipate that the adoption of the above standards will have no material impact on the financial statements of the Company in the financial year of initial application. The Company has not adopted any new and amended standards or interpretations that are not mandatory.

(d) Critical accounting judgements and use of estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Critical judgements

The Company classifies financial assets and financial liabilities at fair value through profit or loss on initial recognition. In line with IFRS 9, the Company's investments are measured at fair value through profit or loss. Debt Investments are in bespoke financial instruments which do not trade and equity investments are in unquoted companies. Valuation techniques are therefore based on unobservable inputs and so are classified under Level 3. Reasonable judgements have been applied by the Investment Adviser around the likelihood of early prepayment (thus affecting the duration of the loan) and the appropriate risk-adjusted rate that captures the risk inherent in an investment. The duration of a loan, based on the Investment Adviser's experience, is generally assumed to be 30 months, adjusted as required for the specific characteristics of any investment or developments in the underlying business. At each measurement date, the Investment Adviser will consider whether any changes in credit risk or market return requirements for similar instruments, and their impact on required yield, should drive a reassessment of each investment's discount rate. Details are discussed in Note 3(e) and Note 16.

(e) Foreign currency exchange rates:

The foreign exchange rates used by the Company as at the financial period end are 9.9888 (2020: 10.4703) and 0.84028 (2020: 0.8990) for NOK/EUR and GBP/EUR respectively.

Notes to the Financial Statements (continued)

Note 3 Summary of significant accounting policies (continued)

Critical judgements (continued)

Due to the limited recourse nature of the PPN, the fair value of the PPN issued is determined by reference to the fair value of the underlying investments of the Company. As a result, the Company also designated the PPN at fair value through profit and loss and therefore is impacted by the judgements applied in the valuation of the Company's investments.

Fair value of financial instruments

The objective of valuation techniques is to determine a fair value that reflects the price of the financial instrument at the reporting date that would have been entered into by market participants acting at arm's length.

Details of the Company's valuation of financial instruments are disclosed in "Valuation of financial instruments" section under Note 3(e).

(**e) Financial assets and liabilities**

The financial instruments held by the Company include the following:
- Financial assets;
- Financial liabilities.

Classification

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:
- The entity's business model for managing the financial assets ("**Business Model test**"); and
- The contractual cash flow characteristics of the financial asset ("**SPPI test**").

Financial assets measured at fair value through profit and loss ("**FVTPL**")

Under IFRS 9, a financial asset is measured at fair value through profit or loss if it is not managed within a business model that has the objective of collecting contractual cash flows.

The Company has full flexibility to originate loans, hold to collect loans, to sell loans or acquire already originated loans. Apart from cash flows that are solely payments of principal and interest (SPPI), the overall returns to the Company will also be from additional aspects such as call protection, payment in kind, interest receipts and value created through equity interests and other equity like features (e.g. synthetic equity, warrants and options). Based on the assessment, the Company's debt investments would not pass the Business Model and SPPI test and therefore investments are measured at FVTPL.

The Company also holds warrants in relation to some of its debt investments, which are subject to certain vesting conditions and total return ratchets. The Company has no control over these events and there is no certainty of being able to exercise the option to convert, or sell shares upon conversion, and therefore these warrants are valued at nil.

The equity investments are measured at FVTPL. The fair value of equity and equity-like instruments will be determined with reference to the estimated enterprise value of the borrower, which will first and foremost consider any recent equity transactions in the business providing a third party valuation.

The Company also has foreign exchange forwards held at FVTPL as required under IFRS 9. Details are discussed in Note 3(l).

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. The Company includes in this category short-term non-financing receivables such as trade and other receivables.

Financial liabilities

Financial liabilities measured at FVTPL

Due to the limited recourse nature of the PPN, the fair value of the PPN issued is determined by reference to the fair value of the underlying investments of the Company, as discussed in Note 3 (d).

The Company also includes foreign exchange forwards in this category. Details are discussed in Note 3(l).

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are initially recognised at fair value, net of transaction costs incurred. They are subsequently valued at amortised cost; any difference is recognised in the Profit and Loss Account and Statement of Comprehensive Income over the period of the financial instrument using the effective interest method. This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Company includes in this category trade and other payables and Loans received from the Financial Institution.

Notes to the Financial Statements (continued)

Note 3 Summary of significant accounting policies (continued)

(e) Financial assets and liabilities (continued)

Recognition

The Company recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Initial measurement

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss. Financial assets and liabilities (other than those classified as at FVTPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Subsequent measurement

After initial measurement, the Company measures financial instruments which are classified as at FVTPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in the Profit and Loss Account and Statement of Comprehensive Income. Financial liabilities, other than those classified as at FVTPL, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:

- Transferred substantially all of the risks and rewards of the asset; or
- Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described below. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Valuation of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in arm's length transaction on the measurement date.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

Notes to the Financial Statements (continued)

Note 3 Summary of significant accounting policies (continued)

(e) Financial assets and liabilities (continued)

The Investment Adviser uses the Discounted Cash Flow ("**DCF**") methodology to derive the present value of future cash flows from the debt investments in the portfolio. Valuations take account of the contractual features of investments (principal, margin, interest rate floor, maturity, non-call protection etc.) and make reasonable assumptions and estimates around the likelihood of early prepayment and the appropriate risk-adjusted rate that captures the risk inherent in an investment. The duration of a loan, based on the Investment Adviser's experience, is generally assumed to be 30 months, adjusted as required for the specific characteristics of any investment or developments in the underlying business. At each measurement date, the Investment Adviser will consider whether any changes in credit risk or market return requirements for similar instruments, and their impact on required yield, should drive a reassessment of each investment's discount rate. Significant unobservable inputs are used in the fair value measurement of the underlying debt investments, which have therefore been categorised within level 3 of the fair value hierarchy under IFRS. The fair value of equity and equity-like instruments will be determined with reference to the estimated enterprise value of the borrower, which will first and foremost consider any recent equity transactions in the business providing a third party valuation. Significant unobservable inputs are used to derive the enterprise value and as such are also categorised under level 3.

The valuation of the foreign exchange forward positions in the portfolio are based on valuations provided by the Company's counterparty in these transactions, Silicon Valley Bank, and are based on valuation techniques using observable inputs, which are calculated as the difference between the original contracted rate and the rate at the year end. Therefore, valuation of the foreign exchange forward is categorised within level 2 of the fair value hierarchy.

The fair value of the PPN issued is determined by reference to the fair value of the associated investments. The Company designated the PPN as measured at FVTPL. The valuation of the PPN is determined by reference to the overall performance of the Company, whereby there are significant unobservable inputs used in the valuation process.

The carrying value of all other financial assets and liabilities (that are not carried at fair value through profit or loss) closely approximate fair value due to short term maturity and are carried at level 2.

Impairment of financial assets

The Company applied the IFRS 9 requirements to recognise an expected credit loss ("**ECL**") for assets measured at amortised cost. All assets measured at FVTPL are excluded from this model. The Company's other financial assets are either receivable on demand or within short period from the invoice date and hence considered as not containing a significant financing component. Accordingly, the Company will apply the simplified approach to measure the loss allowance per para 5.5.15 of IFRS 9.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, deposits held on call with banks and other short term, highly liquid investments with original maturities of three months or less. Bank overdrafts, when applicable, are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction prices and subsequently at amortised cost.

(g) Trade and other receivables

Trade and other receivables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method, less provision for impairment. These assets are presented as current assets except for those expected to be realised later than 12 months after the Statement of Financial Position date which are presented as non-current assets.

(h) Trade and other payables

Trade and other payables are amounts owed in the ordinary course of business. They are classified as liabilities. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(i) Income and expense

Income:

The five-step model per IFRS 15 is applied for revenue recognition. Revenue is recognised when the performance obligation is satisfied by transfer of control of services to the customer.

Interest and commitment fees on investments:

Interest income on debt investments is recognised in the Profit and Loss Account and Statement of Comprehensive Income as it accrues, using the original effective interest rate of the instrument calculated 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 year where appropriate, to the net carrying amount of the financial asset or financial liability.

Commitment fees is computed based on the undrawn amount and recognised in the Profit and Loss Account and Statement of Comprehensive Income on a time proportion basis over the commitment period.

Arrangement fee on investments:

Non-refundable arrangement fees from borrowers are recognised in full in the Profit and Loss Account as such income is received.

Notes to the Financial Statements (continued)

Note 3 Summary of significant accounting policies (continued)

(i) Income and expense (continued)

Expense

Expenses are accounted for on an accruals basis.

Net change in fair value of profit participating notes (PPN):

Interest expense on the PPNs is accrued based on the Available Amount in the Company, as described in Note 15. Due to the limited recourse nature of the PPN, the fair value of the PPN issued is determined by reference to the fair value of the associated investments.

Finance Cost:

Finance costs are the costs incurred in relation to the borrowings taken from the financial institution. They include interest expense and other ancillary costs which may arise, such as commitment fees. This interest expense is calculated using the effective interest rate method.

(j) Taxation

The Company is a qualifying company within the meaning of Section 110 of the Taxes Consolidation Act, 1997. As such, the profits are chargeable to corporate income tax under Case lll of Schedule D of the Taxes Consolidation Act, at the rate of 25%, but are computed in accordance with the provisions applicable to Case I of Schedule D. Current taxation represents the amount expected to be paid or recovered in respect of taxable profits for the financial period and is calculated using taxation rates and laws that have been enacted or substantively enacted at the reporting date.

(k) Share capital

Ordinary shares are not redeemable and are classified as equity as per the Company's constitution.

(l) Financial assets and Financial liabilities at fair value through profit or loss

The unrealised gains or losses on open foreign exchange forwards are calculated as the difference between the original contracted rate and the rate at the year end. Unrealised gains or losses on open foreign exchange forwards are included in financial assets or financial liabilities at fair value through profit or loss in the Statement of Financial Position. Realised gains or losses on forwards are recognised in the Profit and Loss Account.

Open foreign exchange forwards become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in foreign exchange rates relative to their terms. Foreign exchange forwards that have aggregated positive fair value that become favourable to the Company are presented as assets at fair value through profit or loss. Foreign exchange forwards that have aggregated negative fair value that become unfavourable to the Company are presented as liabilities at fair value through profit or loss.

Note 4 Net gains on investments

	For the financial year ended 31 December 2021 €	For the financial period ended 31 December 2020 €
Interest and commitment fees on investments	5,367,279	1,553,229
Arrangement fees on investments	3,051,320	1,065,722
Net unrealised foreign exchange gain / (loss) on investments	1,618,997	(592,194)
Fair value movement on investments	(887,263)	27,991
Net realised foreign exchange and fair value gains on investments	99,507	-
Total	**9,249,840**	**2,054,748**

The Company has received interest income, commitment fees and non-refundable arrangement fees from borrowers based on loan facilities agreements. The Company earned interest income of € 5,367,279 (2020: € 1,553,229) and arrangement fees of € 3,051,320 (2020: € 1,065,722) from investments during the financial year. No dividend income arose from equity investments during the year (2020: Nil).

Note 5 Net other foreign exchange gains / (loses)

	For the financial year ended 31 December 2021 €	For the financial period ended 31 December 2020 €
Net unrealised foreign exchange (loss)/gain on cash and cash equivalents and financial liabilities measured at amortised cost	(145,805)	73,894
Realised foreign exchange gain on cash and cash equivalents	-	50,954
Total	**(145,805)**	**124,848**

Notes to the Financial Statements (continued)

Note 6 Administration and other expenses

	For the financial year ended 31 December 2021 €	For the financial period ended 31 December 2020 €
Audit expense	(39,194)	(22,000)
Tax compliance fee	(16,549)	(6,000)
Corporate administration expense	(32,930)	(38,092)
Other expenses	(35,714)	(41,812)
Total	**(124,387)**	**(107,904)**

The Company incurred corporate administration expense of €32,930 (2020: €38,092) with the Administrator during the financial year.

Section 322 of Companies Act, 2014 requires disclosure in the financial statements of auditor's remuneration. Fees paid to auditors comprise the following:

	For the financial year ended 31 December 2021 €	For the financial period ended 31 December 2020 €
Statutory auditor's remuneration	(39,194)	(22,000)
Tax compliance services	(16,549)	(6,000)
Total	**(55,743)**	**(28,000)**

There are no other assurance or non-audit services provided by the independent auditors.

The Company has appointed AshGrove Capital Management Ltd (the "**Manager**") with the responsibility for portfolio management and risk management in accordance with the Management Agreement. The Manager then appointed AshGrove Capital LLP (the "**Investment Adviser**") to provide investment advice and certain other ancillary services in accordance with the Investment Advisory Agreement. Pursuant to the terms of those agreements, the Manager receives a fee for its management services to the whole fund structure which is paid by the Noteholders whilst the Investment Adviser invoices the Manager separately for its Investment Advisory services provided to the Manager.

Note 7 Loans received from the Financial Institution

Loans received from Financial Institution comprise of advances under a credit facility with Silicon Valley Bank. Interest is charged at a rate equal to the applicable Base Rate for the currency of each loan, plus a margin of 2.25% until 22 December 2021, and 2.15% thereafter to 31 December 2021 for non-USD loans. The outstanding balance of loans as at 31 December 2021 is € 32,348,692 (2020: Nil).

The Company has access to total borrowings under this credit facility of up to €75,000,000 (of which €25,000,000 is on a committed basis), pursuant to the Amendmed and Restated Facility Agreement dated 25 March 2021 (the "**Subscription Facility**"). As at 31 December 2021, the Subscription Facility maturity date was 24 March 2022 and this has been extended by one further year post year-end to 23 March 2023. The Subscription Facility is secured with a receivables pledge over undrawn commitments of limited partners in the Guernsey Noteholder and Luxembourg Noteholder, as well as account pledges over the relevant bank accounts held with Royal Bank of Scotland International Limited, under Guernsey and Luxembourg law respectively. The Noteholders are guarantors under the facility agreement. At all times, borrowings under the Subscription Facility must not exceed the lower of (i) total commitments provided by Silicon Valley Bank and (ii) the borrowing base, which is calculated as 50% of undrawn commitments of the limited partners of the Noteholders. The Company was compliant with this covenant throughout the year.

The available credit facility, in part or fully, can be used throughout the year or for limited time periods, as considered necessary by the Company.

	For the financial year ended 31 December 2021 €	For the financial period ended 31 December 2020 €
Opening balance	-	-
Loans received from the Financial Institution	(36,585,990)	-
Loans repaid to the Financial Institution	4,237,298	-
Closing balance	**(32,348,692)**	-
Interest on loan	(220,312)	-
Other fees	(67,174)	-
	(287,486)	**-**

Note 8 Taxation

	For the financial year ended 31 December 2021 €	For the financial period ended 31 December 2020 €
Current tax		
Irish corporation tax on ordinary activities	(250)	(272)
Total current tax charge for the financial period	**(250)**	**(272)**

Notes to the Financial Statements (continued)

Note 8 Taxation (continued)

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

A reconciliation of the current tax charge for the financial period to the current charge that would result from applying the standard rate of Irish corporation tax to profit on ordinary activities is shown below:

	For the financial year ended 31 December 2021 €	For the financial period ended 31 December 2020 €
Profit for the financial period before tax	1,000	1,083
Profit for the period multiplied by the standard rate of Irish corporation tax of 12.5%	(125)	(136)
Effects of:		
Effect of 12.5% rate applicable to Section 110 companies	(125)	(136)
Non-deductible expense	-	-
Utilisation of tax losses	-	-
Taxation charge	**(250)**	**(272)**

The Company has no losses to carry forward as at 31 December 2021 and 31 December 2020.

Note 9 Investments at fair value through profit or loss

The following table shows a reconciliation from the opening balance to the closing balance for investments at fair value through profit and loss.

Non-current assets	As at 31 December 2021 €	As at 31 December 2020 €
Opening balance	20,892,931	-
Origination of debt investments	70,598,899	21,457,134
Origination of equity investments	3,000,000	-
Sub-participation in debt investments	(11,500,961)	-
Disposal in equity investments	(1,500,000)	-
Capitalisation of interest (PIK)	681,640	-
Unrealised foreign exchange gains/(losses) on investments	1,618,997	(592,194)
Fair value movement on investments	(812,264)	27,991
Closing balance	**82,979,242**	**20,892,931**
Current assets		
Opening balance	128,932	-
Interest and similar income accrued on investments	8,416,701	2,618,951
Interest and similar income received on investments	(7,599,262)	(2,490,019)
Closing balance	**946,371**	**128,932**

The following table shows a breakdown of the investments as at balance sheet date:

Investment	Asset type	Region	Currency	Sector	As at 31 December 2021 Fair Value (EUR'millions)	As at 31 December 2020 Fair Value (EUR'millions)
Investment 1	Debt	Nordics	NOK	Software	10.56	9.98
Investment 2	Debt	UK	GBP	Software	25.80	11.04
Investment 3	Debt	France	EUR	Software	15.90	-
Investment 4	Debt	UK	GBP	Software	5.9	-
Investment 5	Debt	Ireland	EUR	Software	6.06	-
Investment 6a	Debt	Other	EUR	Software	18.16	-
Investment 6b	Equity	Other	EUR	Software	1.50	-
Total					**83.93**	**21.02**

The debt instruments have a legal maturity of 5-6 years from closing. Return drivers on the debt instruments include a variable interest rate (cash spread plus applicable base rate, or PIK elections on certain investments), arrangement fees, and commitment fees due on any committed but undrawn acquisition facilities. There will also be a non-call premium or minimum multiple payable if the loan is repaid within a specified early redemption period. The equity instrument is a minority share.

Further information about currency, interest rate, credit and pricing risk has been disclosed in Note 16 to the financial statements. Total commitments of the debt investments are disclosed in Note 17.

Notes to the Financial Statements (continued)

Note 9 Investments at fair value through profit or loss (continued)

Alongside one of the debt investments, there are also warrants which are subject to certain vesting conditions and total return ratchets. The Company has no control over these events and there is no certainty of being able to exercise the option to convert, or sell shares upon conversion, and therefore these warrants are valued at nil.

Note 10 Trade and other receivables

	As at 31 December 2021 €	As at 31 December 2020 €
Share capital receivable	1	1
Unpaid PPN drawdown	3,268,208	3,268,208
Corporate tax advances	11	-
Total	**3,268,220**	**3,268,209**

Note 11 Financial liabilities at fair value through profit or loss

	As at 31 December 2021 €	As at 31 December 2020 €
Fair value of foreign exchange forwards	(418,301)	(226,230)
Total	**(418,301)**	**(226,230)**

Details of open foreign exchange forwards positions by end of the financial year/period as below:

As at 31 December 2021

Maturity Date	Currency Sold	Notional Amount Sold	Currency Bought	Notional Amount Bought	Fair Value in EUR
31/03/2022	NOK	113,352,581	EUR	11,045,318	(191,273)
31/03/2022	GBP	20,542,015	EUR	24,181,301	(227,028)

As at 31 December 2020

Maturity Date	Currency Sold	Notional Amount Sold	Currency Bought	Notional Amount Bought	Fair Value in EUR
31/03/2021	NOK	113,388,368	EUR	10,679,183	(115,646)
31/03/2021	GBP	10,853,865	EUR	12,021,115	(109,376)
31/03/2021	NOK	4,656,753	EUR	436,638	(6,690)
31/03/2021	EUR	245,100	GBP	224,217	5,482

Net losses on foreign exchange forwards	For the financial year ended 31 December 2021 €	For the financial period ended 31 December 2020 €
Net change in unrealised losses on foreign exchange forwards	(192,071)	(226,230)
Realised gain / (loss) on foreign exchange forwards	(1,898,878)	209,026
Net losses on foreign exchange forwards	**(2,090,949)**	**(17,204)**

Note 12 Cash and cash equivalents

Credit risk on cash and cash equivalents is mitigated by holding cash and cash equivalents with a reputable financial institution. Cash at bank is held at the following banking institution and this banking institution holds the following long term Fitch credit rating:

	As at 31 December 2021 €	As at 31 December 2020 €
Bank of Ireland Rating	BBB^+	N/A

The maximum exposure to credit risk as at 31 December 2021 is the carrying amount of the financial assets set out below:

Cash at bank	606,550	-
Total	**606,550**	**-**

Notes to the Financial Statements (continued)

Note 13 Share capital

	As at 31 December 2021 €	As at 31 December 2020 €
Authorised share capital		
1,000,000 Ordinary Shares of €1 each	1,000,000	1,000,000
Allotted and Called		
1 Ordinary Shares of 1 each	1	1

The Company has issued 1 share of the total authorised share capital of €1,000,000, divided into 1,000,000 shares of €1 each. The issued share capital is held by Acorn Investments Limited on behalf of a charitable trust.

The Company's share capital is denominated in Euro. At any general meeting of the company each ordinary share carries one vote. The ordinary share also carries the right to receive all income of the company attributable to the ordinary shares, and to participate in any distribution of such income made by the company.

Note 14 Trade and other payables

	As at 31 December 2021 €	As at 31 December 2020 €
Accruals	(60,899)	(42,840)
Corporation tax payables	-	(272)
Amount payable to AshGrove Capital Management Limited	(70,702)	-
Amount payable to AshGrove Specialty Lending Fund I SCSp RAIF	(54,527)	(31,663)
Amount payable to AshGrove Specialty Lending Fund I LP	(30,181)	(59,279)
Total	**(216,309)**	**(134,054)**

The Company also had payables of €6,250 (2020: €7,579) to the Administrator.

Note 15 Profit participating note at fair value through profit and loss

The following table shows a reconciliation from the opening balance to the closing balance for PPN at fair value through profit and loss.

	As at 31 December 2021 €	As at 31 December 2020 €
Opening balance	(23,928,976)	-
Draw down of profit participating notes	(26,785,070)	(23,961,000)
PPN interest distribution paid to Noteholders	2,500,000	2,085,429
Net change in fair value of profit participating notes	(6,601,473)	(2,053,405)
Closing balance	**(54,815,519)**	**(23,928,976)**

On 18 December 2019, the Company issued PPN of €400,000,000 due to mature in 2027 to AshGrove Specialty Lending Fund I LP (the "**Guernsey Noteholder**"). On 17 December 2020, the Guernsey Noteholder assigned and transferred PPN in an amount of €149,532,710 to AshGrove Specialty Lending Fund I SCSp RAIF (the "**Luxembourg Noteholder**", and together with the Guernsey Noteholder, the "**Noteholders**"). On 17 December 2021, the Guernsey Noteholder assigned and transferred PPN in a further amount of €107,947,290 to the Luxembourg Noteholder. A total amount of €50,746,070 PPN was drawn down as at 31 December 2021 and €2,500,000 of PPN interest was paid to Noteholders during the financial year.

The Noteholders are entitled to receive interest on the PPN. Interest will be regarded as accruing throughout the Accrual Period, being defined as the annual accounting period of the Company or from and including the last day of the immediately preceding Accrual Period to (but excluding) such date during such accounting period as the Company may determine from time to time (each an "**Accrual Period**"), provided that the first Accrual Period shall commence on the issue of the PPN and the last Accrual Period.

The amount of interest accrued in respect of any Accrual Period shall be a) an amount equal to the "**Available Amount**", as defined as (i) all income and gains earned by the Company from or in respect of the assets and liabilities or related arrangements of the Company less any losses suffered by the Company for the Accrual Period, the sum of all operating expense and costs (other than the accrual of the interest) of the Company accrued in that Accrual Period and any carry forward losses and (b) to the extent not included in the foregoing, the taxable profits (before Interest) of the Company relevant to that Accrual Period for Irish tax purposes but excluding €1,000 per annum.

The PPN, based on the discretion of the Company, can be redeemed in full or in part before the maturity date by giving a notice of early redemption to the Noteholders. Any reduction in the value of the underlying assets will have a corresponding effect on the repayment obligations of the PPN issued by the Company.

The holders of the PPN shall have recourse only to the assets of the Company, subject to any prior ranking claims thereon ("**Available Assets**") for the discharge of any payments due on the PPN, if after the Available Assets have been realised and the net proceeds are insufficient for the Company to make all payments on the PPN, the obligations of the Company shall be limited to such net proceeds of realisation and discharged accordingly

Notes to the Financial Statements (continued)

Note 16 Financial risk management

Risk arising from financial instruments

The Company is potentially exposed to credit risk, liquidity risk and market risk arising from the financial instruments held. The following analysis, detailed in this note, highlights the nature and extent of these risks arising from the financial instruments held by the Company as at 31 December 2021 and 31 December 2020.

The Company's overall risk management program is focused on ensuring compliance with the Company's investment guidelines and seeks to minimise potential adverse effects on the financial performance of the Company.

Financial risk management is monitored by the Investment Adviser, who is responsible for providing or procuring portfolio management and risk management services to the Company, including sourcing, analysing, structuring and discussing with the Company investment and divestment opportunities for the Company and for evaluating, monitoring and advising in respect of the Company's assets.

Further details regarding these policies are set out below:

1) Credit risk

Default/credit risk is the risk that one party to a financial instrument will fail to discharge an obligation under the contract or arrangement and cause the other party to incur a financial loss. The Company relies on the Investment Adviser in managing the credit risk. Financial assets exposed to credit risk include debt investments, debtors and cash balances.

The directors believe that there remains an inherent degree of uncertainty arising from the macroeconomic repercussions of the COVID-19 pandemic and the current evolving Russia/Ukraine crisis on Europe and the broader global economy. This could result in adverse impacts on currency and financial markets, such as increased volatility and illiquidity, and potentially lower economic growth in markets in Europe and globally. In response, the Company evaluates the valuation modelling of investments as appropriate to assess the financial impacts of the pandemic. The Company's debt investments have a legal maturity of five to six years. There is no collateral held in relation to the debt investments held but the Company holds first lien security over the shares and receivables of the borrowers. Per the loan facility agreements, in the event of default, the Company can choose to pursue legal action against the borrowers to recoup any balance remaining.

Concentration

Concentration risk can arise from the type of investments held in the portfolio, the maturity of assets, the concentration of counterparties or geographical locations.

The Company is in the process of growing its portfolio of investments, and when fully invested expects to be diversified in accordance with its investment policy. As at 31 December 2021, the Company has six (2020: two) borrowers in the software and technology sectors. The underlying businesses are headquartered or have the majority of their cashflows generated in Norway, United Kingdom, France, Poland and Ireland.

2) Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to its position.

As at 31 December 2020	Carrying value	Gross contractual cash flows	Less than 1 year	More than 5 years
Financial assets				
Investments at fair value through profit or loss	21,021,863	21,586,066	128,932	21,457,134
Trade and other receivables	3,268,209	3,268,209	3,268,209	-
Cash and cash equivalents	-	-	-	-
	24,290,072	**24,854,275**	**3,397,141**	**21,457,134**
Financial liabilities				
Profit participating notes at fair value through profit or loss	23,928,976	23,762,761	-	23,762,761
Financial liabilities at fair value through profit or loss	226,230	226,230	226,230	-
Trade and other payables	134,054	134,054	134,054	-
	24,289,260	**24,123,045**	**360,284**	**23,762,761**

As at 31 December 2021	Carrying value	Gross contractual cash flows	Less than 1 year	More than 5 years
Financial assets				
Investments at fair value through profit or loss	83,925,613	83,683,083	946,371	82,736,712
Trade and other receivables	3,268,220	3,268,220	3,268,220	-
Cash and cash equivalents	606,550	606,550	606,550	-
	87,800,383	**87,557,853**	**4,821,141**	**82,736,712**

Notes to the Financial Statements (continued)

Note 16 Financial risk management

Risk arising from financial instruments (continued)

2) Liquidity risk (continued)

	Carrying value	Gross contractual cash flows	Less than 1 year	More than 5 years
Financial liabilities				
Profit participating notes at fair value through profit or loss	54,815,519	56,093,093	-	56,093,093
Loans received from the Financial Institution	32,348,692	32,348,692	32,348,692	
Financial liabilities at fair value through profit or loss	418,301	418,301	418,301	-
Trade and other payables	216,309	216,309	216,309	-
	87,798,821	**89,076,395**	**32,983,302**	**56,093,093**

The PPNs issued are due to mature in 2027 and there is no contractual obligation prior to that date to make any payment to the Noteholders due as any return is based on the available cash at the time of the interest period. The PPN is subject to limited recourse terms and the return of interest and principal to the Noteholders is contingent on the realised value of the loans. The settlement of foreign exchange forwards will be made on a net basis. Loans received from the Financial Institution are repayable at their respective maturity date (a maximum of 364 days from drawing) or under event of default and certain mandatory prepayment events.

The Investment Adviser adopts prudent liquidity risk management by maintaining a sufficient cash balance or sufficient cash inflows from interest income, the availability of funding through the PPNs, and the ability to settle foreign exchange forwards as they fall due. Whilst there appears to be a liquidity mismatch with financial liabilities due in less than 1 year of €32,983,302 exceeding financial assets receivable in less than 1 year of €4,821,141, undrawn commitments of the PPNs (as disclosed in Note 17) can be called and subscribed for by the Noteholders within an appropriate timeframe to create the additional liquidity required to settle such financial liabilities when due.

3) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or future cash flows will fluctuate due to changes in market interest rates. The PPN interest is based on the amount of profit available at the interest payment date and as such will have minimal exposure to interest rate risk. The following table provides an analysis of the interest rate profile of the Company's assets and liabilities as at the financial period/year end.

As at 31 December 2020

	Weighted average effective interest rate	Variable interest	Non-interest bearing	Total
Assets	**%**			
Investments at fair value through profit or loss	7.39%	21,021,863	-	21,021,863
Trade and other receivables	N/A	-	3,268,209	3,268,209
		21,021,863	**3,268,209**	**24,290,072**

As at 31 December 2021

	Weighted average effective interest rate	Variable interest	Non-interest bearing	Total
Assets	**%**			
Investments at fair value through profit or loss	6.40%	82,425,613	1,500,000	83,925,613
Trade and other receivables	N/A	-	3,268,220	3,268,220
		82,425,613	**4,768,220**	**87,193,833**

As at 31 December 2020

	Weighted average effective interest rate	Variable interest	Non-interest bearing	Total
Liabilities	**%**			
Profit participating notes at fair value through profit and loss	Residual profit	23,928,976	-	23,928,976
Financial liabilities at fair value through profit or loss	N/A	-	226,230	226,230
Trade and other payables	N/A	-	134,054	134,054
		23,928,976	**360,284**	**24,289,260**

Notes to the Financial Statements (continued)

Note 16 Financial risk management

Risk arising from financial instruments (continued)

3) Market risk (continued)

(i) Interest rate risk (continued)

As at 31 December 2021

	Weighted average effective interest rate	Variable interest	Non-interest bearing	Total
Liabilities	**%**			
Profit participating notes at fair value through profit and loss	Residual profit	54,815,519	-	54,815,519
Loans received from the Financial Institution	2.11%	32,348,692	-	32,348,692
Financial liabilities at fair value through profit or loss	N/A	-	418,301	418,301
Trade and other payables	N/A	-	216,309	216,309
		87,164,211	**634,610**	**87,798,821**

Sensitivity analysis

The Noteholders are exposed to interest rate risk arising from movements on assets and liabilities. Profits or losses arising from movements in interest rates are passed on to the Noteholders. As at financial year end, should the interest rate have decreased by 5% (2020: 5%) with all other variables remaining constant, the interest on the PPN would have decreased by approximately €268,269 (2020: €77,661). If the interest rate had risen by 5%, the impact would have been equal the movement would be in the opposite direction.

(ii) Foreign Exchange Risk

Foreign exchange 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 has entered into foreign exchange forwards contracts with Silicon Valley Bank to hedge its foreign exchange risks.

The table below summarises the Company's gross exposure (including notional amounts of foreign exchange forwards) to key foreign currencies as at financial period end. The amount in the NOK and GBP column represents the EUR equivalent.

As at 31 December 2020

	NOK	GBP	EUR	Total
Assets				
Investments at fair value through profit or loss	10,019,340	11,002,523	-	21,021,863
Trade and other receivables	-	-	3,268,209	3,268,209
Financial liabilities at fair value through profit or loss	-	249,400	23,136,938	23,386,338
	10,019,340	**11,251,923**	**26,405,147**	**47,676,410**
Liabilities	**NOK**	**GBP**	**EUR**	**Total**
Profit participating notes at fair value through profit and loss	-	-	23,928,976	23,928,976
Financial liabilities at fair value through profit or loss	11,274,283	12,072,862	245,100	23,592,245
Trade and other payables	-	-	134,054	134,054
	11,274,283	**12,072,862**	**24,308,130**	**47,655,275**

As at 31 December 2021

	NOK	GBP	EUR	Total
Assets				
Investments at fair value through profit or loss	10,557,929	31,748,485	41,619,199	83,925,613
Trade and other receivables	-	-	3,268,220	3,268,220
	10,557,929	**31,748,485**	**44,887,419**	**87,193,833**
Liabilities	**NOK**	**GBP**	**EUR**	**Total**
Profit participating notes at fair value through profit and loss	-	-	54,815,519	54,815,519
Loans received from the Financial Institution		10,353,692	21,995,000	32,348,692
Financial liabilities at fair value through profit or loss	11,347,968	24,446,631	-	35,794,599
Trade and other payables	-	-	216,309	216,309
	11,347,968	**34,800,323**	**77,026,828**	**123,175,119**

Notes to the Financial Statements (continued)

Note 16 Financial risk management

Risk arising from financial instruments (continued)

3) Market risk (continued)

(ii) Foreign Exchange Risk (continued)

Sensitivity analysis

The Company is exposed to foreign exchange risk due to the presence of non-EUR denominated investments and accrued interest on debt investments as at the financial period end. Gains or losses arising from movements in foreign exchange rates will be recorded in the Profit and Loss Account and Statement of Comprehensive Income. As at financial period end, should the foreign exchange rate have decreased by 5% (2020: 5%) per annum due to the impact of foreign exchange rate movements with all other variables remaining constant, the loss incurred on retranslation of investments would have been approximately €2,613,693 (2020: €103,794) with corresponding impact on the carrying value of PPNs. If the foreign exchange rate had risen by 5% per annum, the impact would have been equal, and the movement would be in the opposite direction. This excludes the impact of foreign exchange forwards which would be expected to hedge against such movements in foreign exchange rate, though the impact of FX rate fluctuations cannot be removed in entirety.

(iii) Price Risk

Price risk is the risk that the value of the financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments in the market. The directors along with Investment Adviser manage the Company price risk by monitoring and reviewing the performance of investments on an ongoing basis. Financial assets exposed to price risk include equity and debt investments, warrants, debtors and cash balances.

Valuation methodology

The valuation methodology used by the Company including the fair value hierarchy has been disclosed in Note 3(e).

The tables below provide an analysis of the basis of measurement used by the Company to fair value its financial instruments into the following categories:

As at 31 December 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
	€	**€**	**€**	**€**
Financial instruments at FVTPL				
Investments at fair value through profit or loss	-	-	21,021,863	21,021,863
Financial liabilities at fair value through profit or loss	-	(226,230)	-	(226,230)
Profit participating notes at fair value through profit and loss	-		(23,928,976)	(23,928,976)
	-	**(226,230)**	**(2,907,113)**	**(3,133,343)**

As at 31 December 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
	€	**€**	**€**	**€**
Financial instruments at FVTPL				
Investments at fair value through profit or loss	-	-	83,925,613	83,925,613
Financial liabilities at fair value through profit or loss	-	(418,301)	-	(418,301)
Profit participating notes at fair value through profit and loss	-		(54,815,519)	(54,815,519)
	-	**(418,301)**	**29,110,094**	**28,691,793**

Level 3 reconciliation

Level 3 reconciliations on investments and PPN please refer to Note 9 and Note 15 respectively.

IFRS 13 requires the Company to classify, for disclosure purposes, fair value measurements using a fair value hierarchy that reflects the observability of the significant inputs used in making the measurements. The determination of what constitutes 'observable' requires significant judgements by the Company. The Company considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The table below sets out information about Level 3 significant unobservable inputs in measuring financial instruments at FVTPL used as at 31 December 2021:

Description	**Fair value at 31 December 2021**	**Valuation technique**	**Unobservable inputs**	**Weighted Average input**
Debt securities not traded in an active market designated at FVTPL	83,925,613	Discounted Cash Flow Model	Reference effective yield for discount rate	11.09%

Due to the existence of the PPN, the directors have determined that the disclosure regarding sensitivity analysis of investment valuation in response to movement in various assumptions is not significant as the movement in the value of underlying investments will have a compensating (equal and opposite) impact on the fair valuation of PPN liability, resulting in negligible impact on Profit and Loss Account and Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

Note 16 Financial risk management

Risk arising from financial instruments (continued)

3) Market risk (continued)

(iii) Price Risk (continued)

Level 3 reconciliation (continued)	As at 31 December 2021 €	As at 31 December 2020 €
5% net movement in fair value of investments	4,148,962	1,044,647
Change in profit for the financial year/period	-	-

Fair value movement on the investments would be offset by fair value movement on the PPN issued. A 5% net movement in the fair value of investments will have negligible impact on the Profit and Loss Account and Statement of Comprehensive Income.

(iv) Capital risk management

Working capital requirements are managed and met primarily through the appropriate retention of cash and realisation proceeds at any given point in time, to meet expenses and to continue as a going concern. The Company has no material capital requirements other than to ensure it has a minimum level of authorised and issued share capital of €1. The Company used the funds from the issuance of the PPN and Loans received from Financial Institution to acquire the investments. A total amount of €26,785,068 (2020: €23,961,000) PPN was drawn down during the financial year. The outstanding balance of loans received from financial institution as at financial year end is €32,348,692 (2020: Nil). The capital and working capital requirements are reviewed on an ongoing basis to ensure the Company has sufficient resources to continue as a going concern in the future.

Note 17 Capital commitments and contingent liabilities

At the financial year end, the Company had no contingent liabilities outstanding, and unfunded commitments on loan investments amounted to €59,340,059 (2020: €16,045,386). Total commitments relating to investments amounted to €142,421,937 (2020: €37,865,409) . The Company will meet this commitment in future by further drawdown on the existing PPN, which have an undrawn amount of €124,439,176 (2020: €235,463,673) and €224,814,756 (2020: €140,575,327) with AshGrove Specialty Lending Fund I LP and AshGrove Specialty Lending Fund I SCSp RAIF respectively. Contingent liabilities are assessed continually to determine whether transfers of economic benefits have become probable. Where future transfers of economic benefits change from previously disclosed contingent liabilities, provisions are recognised in the financial period in which the changes in probability occur.

Note 18 Related party transactions

The terms of the corporate services agreement in place between the Company and the Administrator provide for a single fee for the provision of corporate administration services (including the making available of individuals to act as directors of the Company). Lina Chi McGrath and Ross McCann were both appointed as directors of the Company, on the 12 November 2019. On 7 February 2022 Lina Chi McGrath resigned from the board and Brian Kelleher has been appointed as the board of director. These individuals acting as directors do not (and will not), in their personal capacity or any other capacity, receive any fee for acting or having acted as directors of the Company. For the avoidance of doubt, notwithstanding that the directors of the Company are employees of the Administrator, they each do not receive any remuneration for acting as directors of the Company. The Administrator received €6,000 (2020: €6,000) as consideration during the year for the making available these individuals to act as directors of the Company.

The Company has issued PPN of €400,000,000, of which €142,520,000 (2020: €250,467,290) is held by the Guernsey Noteholder and €257,480,000 (2020: €149,532,710) is held by the Luxembourg Noteholder. An unpaid PPN drawdown receivable of €1,164,463 (2020: €2,046,448) is owed by the Guernsey Noteholder and €2,103,745 (2020: €1,221,760) is owed by the Luxembourg Noteholder.

As disclosed in Note 7, the Subscription Facility is secured with a receivables pledge over undrawn commitments of limited partners in the Guernsey Noteholder and Luxembourg Noteholder, as well as a bank account pledge over the relevant bank accounts held with The Royal Bank of Scotland International Limited, under Guernsey and Luxembourg law respectively. The Noteholders also act as guarantors under the Subscription Facility entered into by the Company and under which loans have been advanced to the Company during the year. Other payables to related parties are disclosed in Note 14.

Note 19 Immediate and ultimate parent company

The Company is an orphan structure and, as such, there is no ultimate controlling party.

Notes to the Financial Statements (continued)

Note 20 Subsequent events

(i) Subsequent to the year-end, there were further drawdowns on investments of €5.07m (in aggregate) to support M&A and/or organic growth activity in the respective businesses. The investments are in accordance with the investment strategy of the Company. No adjustments are required in the financial statements as a result of this transaction.

(ii) Subsequent to the year-end, in February 2022, the Manager completed a First Out Last Out (FOLO) transaction of £6.2m (in aggregate) for an existing investment as a part of an ongoing proactive approach to portfolio management. FOLO transactions involve bifurcating a single senior secured debt tranche into a priority ("First Out") and secondary ("Last Out") tranche. No adjustments are required in the financial statements as a result of this transaction.

(iii) Subsequent to the year-end, in April 2022, the Company funded an increase in investment in two existing borrowers. No adjustments are required in the financial statements as a result of these transactions.

(iv) On 24th February 2022, Russian forces advanced into Ukraine launching a large-scale military invasion. The conflict continues to escalate with devastating implications for the region both politically and economically in addition to the human tragedies. In an attempt to deter the Russian advances, the EU, the United States and other NATO countries have imposed severe sanctions on Russian economy including banks, state-owned enterprises (SOEs) and individuals with close links to the President of Russia. The effect of these sanctions has led to sharp increases in the price of commodities, a depreciation in Russian Ruble, the assets of Russia's central bank have been frozen and travel restrictions imposed. To date the conflict has not had an impact on the performance of the Company. The direct and indirect impacts of this situation are being closely monitored as it pertains to this Company.

As at the date of approving the financial statements there have been no other significant subsequent events requiring adjustment to or disclosure in the financial statements for the financial year ended 31 December 2021.

(v) Pursuant to the amended and restated facility agreement dated 25 March 2021 with Silicon Valley Bank, the Subscription Facility (as described in Note 7) was extended by one further year with effect from 24th March 2022. The Subscription Facility extended maturity date is 23rd March 2023.

Note 21 Approval of financial statements

The financial statements were approved and authorised for issue by the Board on 28 April 2022.

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Brian Kelleher Brian.kelleher@alterdomus.com Senior Manger Funds Alter Domus Participations S.à r.l. Security Level: Email, Account Authentication (Optional)	Brian kelleher Signature Adoption: Pre-selected Style Signed by link sent to Brian.kelleher@alterdomus.com Using IP Address: 78.19.172.216	Sent: 4/28/2022 8:34:56 PM Viewed: 4/28/2022 8:51:15 PM Signed: 4/28/2022 8:51:27 PM

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Ross McCann ross.mccann@alterdomus.com Director Alter Domus Participations S.à r.l. Security Level: Email, Account Authentication (Optional)	Signature Adoption: Uploaded Signature Image Signed by link sent to ross.mccann@alterdomus.com Using IP Address: 86.43.206.222	Sent: 4/28/2022 8:51:29 PM Viewed: 4/28/2022 9:02:45 PM Signed: 4/28/2022 9:02:57 PM

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Minal Tambe minal.tambe@alterdomus.com Manager Alter Domus Participations S.à r.l. Security Level: Email, Account Authentication (Optional)	VIEWED Using IP Address: 37.228.240.246	Sent: 4/28/2022 8:33:27 PM Viewed: 4/28/2022 8:34:55 PM

Certified Delivery Events	Status	Timestamp
Electronic Record and Signature Disclosure: Not Offered via DocuSign		

Carbon Copy Events	Status	Timestamp
adlux-aafa-ax@alterdomus.com adlux-aafa-ax@alterdomus.com Security Level: Email, Account Authentication (Optional) **Electronic Record and Signature Disclosure:** Not Offered via DocuSign	COPIED	Sent: 4/28/2022 9:02:59 PM

Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	4/28/2022 8:33:27 PM
Certified Delivered	Security Checked	4/28/2022 9:02:45 PM
Signing Complete	Security Checked	4/28/2022 9:02:57 PM
Completed	Security Checked	4/28/2022 9:02:59 PM

Payment Events	Status	Timestamps