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Registered number: MC-161513

UK registration number: FC026607

Business office:
20 Bank street
Canary Wharf
London, E14 4AD
United Kingdom

Registered office:
Maples Corporate Services Limited
PO Box 309
Ugland House
George Town
Grand Cayman
KY1-1104
Cayman Islands

MORGAN STANLEY HIMALIA CAYMAN LIMITED

Report and financial statements

31 December 2022



MORGAN STANLEY HIMALIA CAYMAN LIMITED

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MORGAN STANLEY HIMALIA CAYMAN LIMITED

STRATEGIC REPORT

The Directors present their Strategic report for Morgan Stanley Himalia Cayman Limited (the “Company”) for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The Company is an exempted company incorporated under the laws of the Cayman Islands and its principal activity is to act as an intermediate holding company, with no significant changes expected in 2023.

The Company’s ultimate parent undertaking and controlling entity is Morgan Stanley, which, together with the Company and Morgan Stanley’s other subsidiary undertakings, form the “Morgan Stanley Group”. The Company’s immediate parent undertaking is Morgan Stanley Europa LLC.

The management and control of the Company is in the United Kingdom (“UK”) and the Company is liable to UK Corporation tax on its taxable profits.

BUSINESS REVIEW

Business environment

During 2022, the global economic and geopolitical environment in which the Morgan Stanley Group operates has been characterised by elevated inflation, rising interest rates and volatility in global financial markets and these factors have continued into 2023.

Ukraine and Russia War

The Morgan Stanley Group continues to monitor the war in Ukraine and its impact on the world economies and the financial markets. The Company has no direct exposure to Russia and Ukraine.

Morgan Stanley is not entering into any new business onshore in Russia. Morgan Stanley’s activities in Russia are limited to helping global clients address and close out pre-existing obligations.

Overview of 2022 performance and key performance indicators

The Company’s main key performance indicators are loss after tax, total assets and total liabilities.

The Company reported a loss after tax for the year of €2,171,000 as compared to €1,496,000 in the prior year. The loss for the current year mainly comprises of net interest expense of €2,170,000 (2021: €1,500,000) to other Morgan Stanley Group undertakings and net impairment loss on financial assets of €1,000 (2021: reversal of impairment loss on financial assets of €4,000).

The Company’s total assets as at 31 December 2022 were €143,067,000 compared to €142,947,000 as at 31 December 2021 which primarily comprises of other receivables, loans and advances and investment in Morgan Stanley Sinope Cayman Limited (“MS Sinope”). The increase of €120,000 is primarily due to interest income accrued on receivables from other Morgan Stanley group undertakings. The Company’s total liabilities as at 31 December 2022 were €193,132,000 compared to €190,841,000 as at 31 December 2021, which primarily comprises of debt and other borrowings and other payables to other Morgan Stanley Group undertakings. The increase of €2,291,000 is primarily due to interest expense accrued on loan payable to other Morgan Stanley group undertakings.

The Company’s net liabilities were €50,065,000 (2021: €47,894,000).

MORGAN STANLEY HIMALIA CAYMAN LIMITED

STRATEGIC REPORT (CONTINUED)

RISK MANAGEMENT

As an intermediate holding company, the Company is exposed to the risk of decline in value of its investments in subsidiary undertakings. Due to the current financial strength of its subsidiary undertakings, the Directors consider that the actual risk the Company is exposed to is minimal.

The Directors consider that the Company's key financial risks are credit risk, primarily its concentration of exposure to other Morgan Stanley Group undertakings and liquidity risk arising primarily through its exposure to other Morgan Stanley Group undertakings presented within other receivables and payables, loans and advances and debt and other borrowings. The Company leverages the Morgan Stanley Group's credit and liquidity risk frameworks to identify, measure, monitor and control credit risk and to ensure that the Company has access to adequate funding.

The Company also has some limited exposure to country, operational and legal, regulatory and compliance risks.

The Company leverages the risk management policies and procedures of the Morgan Stanley Group.

GOING CONCERN

Retaining sufficient liquidity and capital to withstand market pressures remains central to the Company's strategy.

Although the Company has net liabilities payable, the Company is performing in line with expectations and the net liabilities position are due to amounts owing to fellow Morgan Stanley Group undertakings, the demand for repayment of which is wholly within the control of the Morgan Stanley Group. In addition, the Company's ultimate parent undertaking and controlling entity, Morgan Stanley, has confirmed its intent to provide financial support to the Company to meet its obligations. Having assessed these factors, the Director's continue to adopt the going concern basis in preparing the annual report and financial statements.

Taking the above factors into consideration, the Directors believe it is reasonable to assume that the Company will have access to adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the annual report and financial statements.

Approved by the Board and signed on its behalf by

DocuSigned by:

Emma Martin

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Emma Martin

Director

11 October 2023

MORGAN STANLEY HIMALIA CAYMAN LIMITED

DIRECTORS' REPORT

The Directors present their report and financial statements for the Company for the year ended 31 December 2022.

RESULTS AND DIVIDENDS

The loss for the year, after tax, was €2,171,000 (2021: €1,496,000).

During the year, no dividends were paid or proposed (2021: €nil).

RISK MANAGEMENT AND FUTURE DEVELOPMENTS

Information regarding risk management and future developments has been included in the Strategic report.

DIRECTORS

The following Directors held office throughout the year and to the date of approval of this report:

S E Bayfield

Emma Martin

S I Merry (resigned on 31 March 2023)

J O Wood

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Directors' and Officers' Liability Insurance is taken out by Morgan Stanley, the Company's ultimate parent undertaking, for the benefit of the Directors and Officers of the Company and its subsidiary undertakings.

DIRECTORS' INDEMNITY

Qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006 of the UK (the "Companies Act 2006")) were in force during the year and up to and including the date of the Directors' report for the benefit of the Directors of the Company and its subsidiary undertakings.

EVENTS AFTER THE REPORTING DATE

There have been no significant events since the reporting date.

GOING CONCERN

The Director's assessment of the Company as a going concern has been included within the Strategic report on page 2.

MORGAN STANLEY HIMALIA CAYMAN LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' RESPONSIBILITIES STATEMENT

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

The Company was incorporated as an exempted company under the laws of the Cayman Islands. The Directors and the shareholders of the Company require the financial statements of the Company to be prepared in accordance with Part 15 of the Companies Act 2006 of the UK (that would have applied had these been statutory accounts under the Companies Act 2006) and drawn up in Euros.

The Directors are required to prepare such financial statements for each financial year which give a true and fair view of the state of affairs of the Company, and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including Financial Reporting Standard("FRS") 101 'Reduced Disclosure Framework'("FRS 101"), have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with Part 15 of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board and signed on its behalf by

DocuSigned by:

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Emma Martin
Director
11 October 2023

MORGAN STANLEY HIMALIA CAYMAN LIMITED**STATEMENT OF COMPREHENSIVE INCOME****Year ended 31 December 2022**

	Note	2022 €'000	2021 €'000
Interest income	4	83	60
Interest expense	4	(2,253)	(1,560)
Net interest expense		(2,170)	(1,500)
Net (impairment loss)/ reversal of impairment loss on financial assets	6	(1)	4
LOSS BEFORE TAXATION		(2,171)	(1,496)
Income tax result	7	—	—
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(2,171)	(1,496)

All results were derived from continuing operations.

The notes on pages 8 to 12 form an integral part of the financial statements.

MORGAN STANLEY HIMALIA CAYMAN LIMITED**STATEMENT OF CHANGES IN EQUITY****Year ended 31 December 2022**

	Share capital	Retained losses	Total equity
	€'000	€'000	€'000
Balance at 1 January 2021	4,782	(51,180)	(46,398)
Loss and total comprehensive income for the year	—	(1,496)	(1,496)
Balance at 31 December 2021	4,782	(52,676)	(47,894)
Loss and total comprehensive income for the year	—	(2,171)	(2,171)
Balance at 31 December 2022	4,782	(54,847)	(50,065)

The notes on pages 8 to 12 form an integral part of the financial statements.

MORGAN STANLEY HIMALIA CAYMAN LIMITED*Registered number: MC-161513***STATEMENT OF FINANCIAL POSITION****As at 31 December 2022**

	Note	2022 €'000	2021 €'000
ASSETS			
Other receivables	10	347	369
Loans and advances	10	7,720	7,578
Investments in subsidiaries	8	135,000	135,000
TOTAL ASSETS		143,067	142,947
LIABILITIES AND EQUITY			
LIABILITIES			
Other payables	10	1	—
Debt and other borrowings	10	193,131	190,841
TOTAL LIABILITIES		193,132	190,841
EQUITY			
Share capital	9	4,782	4,782
Retained losses		(54,847)	(52,676)
Equity attributable to owners of the Company		(50,065)	(47,894)
TOTAL EQUITY		(50,065)	(47,894)
TOTAL LIABILITIES AND EQUITY		143,067	142,947

These financial statements were approved by the Board and authorised for issue on 11 October 2023.

Signed on behalf of the Board

DocuSigned by:

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Emma Martin

Director

The notes on pages 8 to 12 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

1. CORPORATE INFORMATION

The Company is incorporated and domiciled in the Cayman Islands, at the following registered address of Maples Corporate Services Limited, PO Box 309, Ugland House, George Town, Grand Cayman, KY1-1104, Cayman Islands. The Company is an exempted company with limited liability. The registered number of the Company is MC-161513.

The Company's immediate parent undertaking is Morgan Stanley Europa LLC, which has its registered office at c/o The Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington, DE 19801, United States of America.

The Company's ultimate parent undertaking and controlling entity and the largest and smallest group of which the Company is a member and for which group financial statements are prepared is Morgan Stanley which, together with the Company and Morgan Stanley's other subsidiary undertakings, form the Morgan Stanley Group. Morgan Stanley has its registered office c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States of America and is incorporated in the state of Delaware, in the United States of America. Copies of its financial statements can be obtained from www.morganstanley.com/investorrelations.

2. BASIS OF PREPARATION

The Company is not required to prepare consolidated financial statements by virtue of the exemption under section 401 of the Companies Act 2006.

The Company is incorporated under the laws of the Cayman Islands, which permits the use of UK company law and the use of UK accounting standards in the preparation of financial statements.

Statement of compliance

These financial statements are prepared on a going concern basis as explained in the Strategic report and under the historical cost convention in accordance with UK GAAP (UK Accounting Standards and applicable law), including Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101").

The Company has taken advantage of the disclosure exemptions available under FRS 101 in relation to financial instruments, fair value measurement, capital management, presentation of a cash-flow statement, accounting standards not yet effective and related party transactions.

Where relevant, equivalent disclosures have been provided in the group accounts of Morgan Stanley in which the Company is consolidated. Copies of Morgan Stanley's accounts can be obtained as detailed at note 1.

New standards and interpretations adopted during the year

There are no standards, amendments to standards or interpretations relevant to the Company's operations which were adopted during the year.

Critical accounting judgements and sources of estimation uncertainty

No critical judgements have been made in the process of applying the Company's accounting policies that have had a significant effect on the amounts recognised in the financial statements. The Company has not made any key assumptions and there are no other key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

2. BASIS OF PREPARATION (CONTINUED)

The going concern assumption

The Company's business activities, together with the factors likely to affect its future development, performance and position, are reflected in the Business review section of the Strategic report on page 1.

Although the Company is in a net liability position, the Company is performing in line with expectations and the net liability position is due to amounts owing to fellow Morgan Stanley Group undertakings, the demand for repayment of which is wholly within the control of the Morgan Stanley Group. In addition, the Company's ultimate parent undertaking and controlling entity, Morgan Stanley, has confirmed its intent to provide financial support to the Company to meet its obligations. Having assessed these factors, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Taking the above factors into consideration, the Directors believe it is reasonable to assume that the Company will have access to adequate resources to continue in operational existence for the foreseeable future and the Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Functional currency

Items included in the financial statements are measured and presented in Euros, the currency of the primary economic environment in which the Company operates.

b. Foreign currencies

Monetary assets and liabilities denominated in currencies other than Euros are translated into Euros at the rates ruling at the reporting date. Transactions and non-monetary assets and liabilities denominated in currencies other than Euros are recorded at the rates prevailing at the dates of the transactions. All translation differences are recognised through the statement of comprehensive income.

c. Financial instruments

Financial assets and liabilities primarily comprise investments in subsidiaries, loans and advances, debt and other borrowings, other receivables and payables.

Investments in subsidiaries are stated at cost, less provision for any impairment. Dividends, impairment losses and reversals of impairment losses are recognised in the statement of comprehensive income in 'Net gains/(losses) on investments in subsidiaries'.

Loans and advances, other receivables and payables and debt and other borrowings are recognised when the Company becomes a party to the contractual provisions of the instrument and are initially measured at fair value and subsequently measured at amortised cost (less allowance for impairment on financial assets). Interest is recognised in the statement of comprehensive income using the effective interest rate ("EIR") method.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset. The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or they expire.

d. Impairment of financial assets

The Company recognises loss allowances for expected credit losses ("ECLs") for its financial assets classified at amortised cost. ECLs are the present value of cash shortfalls over the expected life of the financial instrument, discounted at the asset's EIR. ECL is recognised in the statement of comprehensive income within 'Net impairment loss on financial instruments' and is reflected against the carrying amount of the impaired asset on the statement of financial position as an ECL allowance. Where there has been a reduction in ECL, this will be recognised within 'Net reversal of impairment loss on financial instruments'.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**d. Impairment of financial assets (continued)**

Impairment losses on investment in subsidiaries are measured as the difference between cost and the current estimated recoverable amount. When the recoverable amount is less than the cost, an impairment is recognised within the statement of comprehensive income in 'Net losses on investments in subsidiaries,' and is reflected against the carrying amount of the impaired asset on the statement of financial position.

e. Income tax

The tax expense represents the sum of the tax currently payable and is calculated based on taxable profit for the year. Taxable profit may differ from profit before taxation as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

4. INTEREST INCOME AND INTEREST EXPENSE

'Interest income' and 'Interest expense' relates to financial assets and financial liabilities at amortised cost and is calculated using the EIR method.

5. OTHER EXPENSE

The Company employed no staff during the year (2021: nil).

The Company's Directors are employed by other Morgan Stanley Group companies. The Directors' services to the Company are considered to be incidental to their other responsibilities with in the Morgan Stanley Group and as such, Directors' remuneration is €nil for the current year (2021: €nil).

6. NET (IMPAIRMENT LOSS)/ REVERSAL OF IMPAIRMENT LOSS ON FINANCIAL ASSETS

	2022 €'000	2021 €'000
ECL relating to:		
Loans and advances	(1)	—
Other receivables	—	4
	<u>(1)</u>	<u>4</u>

7. INCOME TAX RESULT

	2022 €'000	2021 €'000
Current tax result		
UK corporation tax at 19% (2021: 19%)		
- Current year	—	—
Income tax result	<u>—</u>	<u>—</u>

The UK main rate of corporation tax is 19% for the period (2021: 19%). Finance Act 2021 raised the UK main rate of corporation tax from 19% to 25% with effect from 1 April 2023. While this change does not affect the income tax charge for the year, it will affect future years.

MORGAN STANLEY HIMALIA CAYMAN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2022

7. INCOME TAX RESULT (CONTINUED)**Reconciliation of effective tax rate**

The current year income tax expense is higher (2021: higher) than that resulting from applying the average standard rate of corporation tax in the UK for the year of 19% (2021: 19%). The main differences are explained below:

	2022 €'000	2021 €'000
Loss before taxation	(2,171)	(1,496)
Income tax using the average standard rate of corporation tax in the UK of 19% (2021: 19%)	(412)	(284)
Impact on tax of		
Expenses not deductible for tax purposes	—	—
Group relief surrendered for no cash consideration	412	285
Other permanent differences	—	(1)
Total income tax result in the statement of comprehensive income	—	—

8. INVESTMENT IN SUBSIDIARIES

	Subsidiary undertakings €'000
Cost	
At 1 January 2022 and 31 December 2022	135,000
Impairment provisions	
At 1 January 2022 and December 2022	—
Carrying amounts	
At 1 January 2022 and 31 December 2022	135,000

An impairment review was undertaken in relation to its investment in MS Sinope Cayman Limited and its indirect subsidiaries. It was concluded that as the overall recoverable amount was greater than the cost, no impairment is required in the 2022 accounts.

Details of all investments in subsidiaries (including indirect subsidiaries) of the Company at 31 December 2022 and 31 December 2021 can be found in the Appendix to the financial statements.

MORGAN STANLEY HIMALIA CAYMAN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2022

9. EQUITY**Ordinary share capital**

	Ordinary shares of €1 each Number	Ordinary shares of \$1 each Number	Total ordinary shares Number
Authorised:			
At 1 January 2022 and at 31 December 2022	<u>10,000,000</u>	<u>50,000</u>	<u>10,050,000</u>

	Ordinary shares of €1 each Number	Ordinary shares of €1 each €'000	Ordinary shares of \$1 each Number	Ordinary shares of \$1 each \$'000	Total ordinary shares of €1 each €'000
Allotted and fully paid:					
At 1 January 2022 and at 31 December 2022	<u>4,781,582</u>	<u>4,782</u>	<u>1</u>	<u>—</u>	<u>4,782</u>

10. EXPECTED MATURITY OF ASSEST AND LIABILITIES

Loans and advances, other receivables and payables and debt and other borrowings relate wholly to amounts due from and to group undertakings respectively.

Other receivables of €347,000 (2021: €369,000) and other payables €1,000 (2021: €nil) are expected to be settled no more than twelve months after the reporting period, with all other amounts expected to be settled more than twelve months after the reporting period end.

11. SEGMENT REPORTING

The Company has only one class of business, operating in a single geographic market, Europe, Middle East and Africa ("EMEA") and accordingly no segmental analysis has been provided.

12. EVENTS AFTER THE REPORTING DATE

There have been no significant events since the reporting date.

APPENDIX TO THE FINANCIAL STATEMENTS**Year ended 31 December 2022****APPENDIX TO THE FINANCIAL STATEMENTS**

Details of all investments in subsidiaries (including indirect subsidiaries) of the Company at 31 December 2022 and 31 December 2021 are shown in the table below.

Name of Company	Address of undertaking's registered office	Type of shares held	Proportion of shares held		Proportion of voting rights held		Nature of business
			2022	2021	2022	2021	
Morgan Stanley Sinope Cayman Limited	Maples Corporate Services Limited, PO Box 309, Ugland House, George town, Grand Cayman, KY1-1104, Cayman Islands	Ordinary	100%	100%	100%	100%	Holding company
Morgan Stanley Adrastea Netherlands B.V. #	20 Bank Street, Canary Wharf, London, E14 4AD, United Kingdom	Ordinary *	100%	100%	23.529%	23.529%	Financial services
		Class A Redeemable Preference Shares *	100%	100%	76.469%	76.469%	
		Class B Redeemable Preference Shares *	100%	100%	0.001%	0.001%	
		Class C Redeemable Preference Shares *	100%	100%	0.001%	0.001%	

An * denotes shareholdings attributed to the Company which are not all held directly by the Company.

Indirect subsidiary