

Company Number: 04762058

ELQ INVESTORS, LTD

ANNUAL REPORT

31 DECEMBER 2021



ELQ INVESTORS, LTD

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2021.

1. Introduction

The principal activity of ELQ Investors, Ltd (the company) is to undertake investment business.

The company's ultimate parent undertaking and controlling entity is The Goldman Sachs Group, Inc. (Group Inc.). Group Inc. is a bank holding company and a financial holding company regulated by the Board of Governors of the Federal Reserve System. In relation to the company, 'group undertaking' means Group Inc. or any of its subsidiaries. Group Inc., together with its consolidated subsidiaries, form 'GS Group'. GS Group is a leading global financial institution that delivers a broad range of financial services across investment banking, securities, investment management and consumer banking to a large and diversified client base that includes corporations, financial institutions, governments and individuals.

The company primarily operates in a U.S. dollar environment as part of GS Group. Accordingly, the company's functional currency is the U.S. dollar and these financial statements have been prepared in that currency.

2. Financial overview

The financial statements have been drawn up for the year ended 31 December 2021. Comparative information has been presented for the year ended 31 December 2020.

The directors consider profit before tax, total assets and total liabilities as the company's key performance indicators.

The results for the year are shown in the profit and loss account on page 8. Profit before taxation for the year ended 31 December 2021 was US\$0.4 million (2020: loss of US\$2.9 million).

The company had total assets of US\$1,107.6 million as at 31 December 2021 (31 December 2020: US\$1,093.1 million) and total liabilities of US\$509.0 million as at 31 December 2021 (31 December 2020: US\$509.1 million).

3. Exchange rate

The British pound / U.S. dollar exchange rate at the balance sheet date was £ / US\$1.3535 (31 December 2020: £ / US\$1.3653). The average rate for the year was £ / US\$1.3739 (2020: £ / US\$1.2924).

4. Future outlook

The directors consider that the year end financial position of the company was satisfactory and do not anticipate any significant changes in its activities in the forthcoming year. Developments that may impact the company include:

Russian invasion of Ukraine

The Russian invasion of Ukraine in February 2022 has resulted in governments around the world introducing significant sanctions on Russian entities and individuals, and triggered disruption across global financial markets and increased uncertainty in the business environment in which the company operates.

At the date of signing the company had not incurred any material financial impact associated with the war. The future impact of the war on the company remains difficult to predict.

STRATEGIC REPORT (continued)

4. Future outlook (continued)

COVID-19

The company has not incurred any material financial impact associated with COVID-19 and on the basis that no significant changes in its activities are expected the directors do not foresee any future impact.

The company had net current liabilities of US\$452.5 million, excluding the deferred tax asset of US\$50.7 million, as at 31 December 2021 (31 December 2020: US\$455.9 million excluding the deferred tax asset of US\$38.6 million). GS Financing Opportunities II LLC, a parent undertaking, has committed to ensuring the provision of sufficient funds to enable the company to meet its liabilities as they fall due. As a result, the directors have prepared these financial statements on a going concern basis.

5. Principal risks and uncertainties

The directors consider that the most important components of the company's financial risk are market risk, credit risk and liquidity risk. The company is also exposed to risk of decline in value of certain assets, primarily investments in subsidiary undertakings. The company also has some limited exposure to operational, legal, regulatory and compliance risks. The company, as part of a global group, adheres to global risk management policies and procedures. The company's risk management objectives and policies are described in note 20 of the financial statements.

6. Principal decision making and stakeholder engagement

The directors of the company carry out their duties in a way that they consider, in good faith, would be most likely to promote the success of the company, and for the benefit of GS Group as a whole, and in doing so have regards (amongst other matters) to:

- a) the likely consequences of any decision in the long term;
- b) the need to foster the company's business relationships with others;
- c) the impact of the company's operations on the community and the environment;
- d) the desirability of the company to maintain a reputation for high standards of business conduct; and
- e) the need to act fairly as between members of the company.

In meeting the requirements under section 172 of the Companies Act 2006 the Board is guided by the Code of Business Conduct and Ethics and the risk and governance framework of GS Group and considers the views of key stakeholders when making decisions that influence the company's current and future operations and reputation. The directors of the company receive information on a variety of topics that assist them in their oversight of the company's business.

7. Date of authorisation of issue

The strategic report was authorised for issue by the Board of Directors on 6th September 2022.

ON BEHALF OF THE BOARD


Oliver Bingham

Director

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2021.

1. Introduction

In accordance with section 414A of the Companies Act 2006, the directors have prepared a strategic report, which contains a review of the company's businesses and a description of the principal risks and uncertainties facing the company. The directors have chosen to make reference to the company's risk management objectives and policies, as well as exposures to market risk, credit risk and liquidity risk in the strategic report, as well as a future outlook in accordance with section 414C(11) of the Companies Act 2006, that would otherwise have been reported in the directors' report. The directors have also chosen to make reference to the requirements of Section 172(1) in the strategic report in accordance with section 414C(11).

2. Dividends

The directors do not recommend the payment of a dividend in respect of the year (31 December 2020: US\$nil).

3. Disclosure of information to auditors

In the case of each of the persons who are directors of the company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

4. Independent auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

5. Directors

The directors of the company who served throughout the year and to the date of this report, except where noted, were:

Name	Appointed	Resigned
O. J. Bingham		
V. Chima	30 March 2022	
M. Holmes		30 March 2022
J. Wiltshire		

No director had, throughout the year, any interest requiring note herein.

6. Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

DIRECTORS' REPORT (continued)

6. Statement of directors' responsibilities in respect of the financial statements (continued)

Under company law, directors must not approve the financial statements unless they are satisfied that they 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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 the Companies Act 2006.

7. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 6th September 2022.

ON BEHALF OF THE BOARD


Oliver Bingham

Director

Independent auditors' report to the members of ELQ Investors, Ltd

Report on the financial statements

Opinion

In our opinion, ELQ Investors, Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Balance Sheet as at 31 December 2021; Profit and Loss Account, and 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 (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) 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 the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 when 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 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.

Independent auditors' report to the members of ELQ Investors, Ltd

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and 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.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and 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 in respect of the financial statements, 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to United Kingdom tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and Corporate tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Assessing management's controls designed to prevent and detect fraud in financial reporting;
- Assessing matters reported on the company's whistleblowing helpline and the results of management's investigation of such matters;
- Identifying and testing journal entries, in particular any journal entries posted by senior management;
- Testing of information security controls relating to system access and change management;
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

Independent auditors' report to the members of ELQ Investors, Ltd

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. 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 Chapter 3 of Part 16 of the Companies Act 2006 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 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mike Wallace (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London
7 September 2022

ELQ INVESTORS, LTD

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2021

		Year ended 31 December 2021	Year ended 31 December 2020
	Note	US\$	US\$
Net revenues	4	-	(2,598,096)
Administrative expenses	5	(55,605)	(36,683)
Income from shares in group undertakings	13	1,310,505	2,359,431
Write down of shares in group undertakings	13	(1,000,000)	(581,308)
Interest receivable and similar income	6	133,474	684,363
Interest payable and similar expenses	7	(98)	(3,609,359)
Other income	8	58,842	883,777
PROFIT/(LOSS) BEFORE TAXATION		447,118	(2,897,875)
Tax on profit/(loss)	11	14,103,610	2,972,338
PROFIT FOR THE FINANCIAL YEAR		14,550,728	74,463

The operating profits/(losses) of the company are derived from continuing operations in the current and prior years.

The company has no recognised gains and losses other than those included in the profit and loss account for the years shown above and therefore no separate statement of comprehensive income has been presented.

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

ELQ INVESTORS, LTD

BALANCE SHEET

as at 31 December 2021

	Note	31 December 2021 US\$	31 December 2020 US\$
FIXED ASSETS			
Investments	13	1,000,369,931	1,001,369,931
CURRENT ASSETS			
Debtors: Amounts falling due within one year	14	51,616,711	50,967,190
Debtors: Amounts falling due after more than one year	15	50,743,231	38,570,551
Cash at bank and in hand		4,851,437	2,220,955
		107,211,379	91,758,696
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(508,968,468)	(509,066,513)
NET CURRENT LIABILITIES		(401,757,089)	(417,307,817)
NET ASSETS		598,612,842	584,062,114
CAPITAL AND RESERVES			
Called up share capital	17	-	75,000
Other reserves	18	1,969,429,409	1,969,354,409
Profit and loss account		(1,370,816,567)	(1,385,367,295)
TOTAL SHAREHOLDERS' FUNDS		598,612,842	584,062,114

The financial statements were approved by the Board of Directors on 6th September 2022 and signed on its behalf by:



Oliver Bingham

Director

The accompanying notes are an integral part of these financial statements.
Company number: 04762058

ELQ INVESTORS, LTD

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

		Called up share capital	Other reserves	Profit and loss account	Total shareholders' funds
	Note	US\$	US\$	US\$	US\$
Balance at 1 January 2020		75,000	1,969,354,409	(1,385,441,758)	583,987,651
Profit for the financial year		-	-	74,463	74,463
Balance at 31 December 2020		75,000	1,969,354,409	(1,385,367,295)	584,062,114
Profit for the financial year		-	-	14,550,728	14,550,728
Share capital reduction	18	(75,000)	75,000	-	-
Balance at 31 December 2021		-	1,969,429,409	(1,370,816,567)	598,612,842

The directors do not recommend the payment of a dividend in respect of the year (31 December 2020: US\$nil).

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

ELQ INVESTORS, LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

1. GENERAL INFORMATION

The company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is Plumtree Court, 25 Shoe Lane, London, EC4A 4AU, United Kingdom. The immediate parent undertakings are MTGLQ Investors L.P. and GS Financing Opportunities II LLC, both of the parent undertakings are incorporated and domiciled in Delaware in the United States of America.

The ultimate parent undertaking and the parent company of the smallest and largest group for which consolidated financial statements are prepared is The Goldman Sachs Group, Inc., a company incorporated in the United States of America. Copies of its consolidated financial statements, as well as certain regulatory filings, for example Quarterly Reports on Form 10-Q and the Annual Report on Form 10-K, that provide further information about GS Group and its business activities, can be obtained from Investor Relations, 200 West Street, New York, NY 10282, United States of America, or at www.goldmansachs.com/investor-relations/.

2. 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 years presented, unless otherwise stated.

a. Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention (modified as explained in note 2g) and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006.

Exemptions from the following disclosure requirements have been applied in the preparation of these financial statements, in accordance with FRS 101:

- (i) IFRS 2 'Share-based Payment' paragraph 45(b) and 46 to 52. These disclosures are provided in the consolidated financial statements of Group Inc.;
- (ii) IAS 1 'Presentation of Financial Statements' paragraph 38 to present comparative information in respect of IAS 1 'Presentation of Financial Statements' paragraph 79(a);
- (iii) IAS 1 'Presentation of Financial Statements' paragraphs 10(d), 10(f), 16, 38A, 38B-D, 40A-D, 111 and 134-136;
- (iv) IAS 7 'Statement of Cash Flows';
- (v) IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31;
- (vi) IAS 24 'Related Party Disclosures' paragraph 17 and 18A; and
- (vii) IAS 24 'Related Party Disclosures' requirements to disclose transactions with companies also wholly owned within GS Group.

The company is a subsidiary undertaking of Group Inc., a company incorporated within the United States of America, whose consolidated financial statements include the company and its subsidiaries and are publicly available. As a result the company has elected not to prepare consolidated financial statements as permitted by section 401 of the Companies Act 2006.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

2. ACCOUNTING POLICIES (continued)

b. Going concern

The company had net current liabilities of US\$452.5 million, excluding the deferred tax asset of US\$50.7 million, as at 31 December 2021 (31 December 2020: US\$455.9 million excluding the deferred tax asset of US\$38.6 million). GS Financing Opportunities II LLC, a parent undertaking, has committed to ensuring the provision of sufficient funds to enable the company to meet its liabilities as they fall due. As a result, the directors have prepared these financial statements on a going concern basis.

c. Revenue recognition

Net revenues have been disclosed instead of turnover as this more meaningfully reflects the nature and results of the company's activities. This comprises net revenues from equity investments.

Net revenues from equity investments includes dividend income, changes in fair value and gains and losses on sale of investments. Dividends receivable are recognised as income when the right to receive the payment has been established.

d. Dividends

Final dividends are recognised as a liability and deducted from equity in the period in which the dividends are approved by the company's shareholders. Interim dividends are recognised and deducted from equity when paid.

e. Foreign currencies

The company's financial statements are presented in U.S. dollars, which is also the company's functional currency. Transactions denominated in foreign currencies are translated into U.S. dollars at rates of exchange prevailing on the date the transaction occurred. Monetary assets and liabilities, and non-monetary assets and liabilities measured at fair value, denominated in foreign currencies are translated into U.S. dollars at rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses are recognised in the profit and loss account.

f. Fixed asset investments

Fixed asset investments comprises investments in subsidiary undertakings and is stated at cost less provision for any impairment.

g. Cash at bank and in hand

Cash at bank and in hand is highly liquid overnight deposits held in the ordinary course of business.

h. Financial assets and financial liabilities

(i) Recognition and derecognition

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or if the company transfers the financial asset and the transfer qualifies for derecognition. A transferred financial asset qualifies for derecognition if the company transfers substantially all the risks and rewards of ownership of the financial asset or if the company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but does not retain control. Financial liabilities are derecognised only when they are extinguished (i.e. when the obligation specified in the contract is discharged or cancelled or expires).

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

2. ACCOUNTING POLICIES (continued)

h. Financial assets and financial liabilities (continued)

(ii) Classification and measurement

Financial assets comprise all of the company's current assets, with the exception of deferred tax assets, and financial liabilities comprise all of the company's creditors, with the exception of tax liabilities.

The company classifies financial assets into Financial assets measured at amortised cost on the basis of both the company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. The company's business model is to hold the assets to collect contractual cash flows and the cash flows represent solely payments of principal and interest. If these conditions were not met, the financial assets would be mandatorily measured at fair value through profit or loss.

Financial assets measured at amortised cost are initially measured at fair value plus transaction costs and subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the company estimates cash flows considering all contractual terms of the financial asset but does not consider future credit losses. All finance income is recognised in the profit and loss account. Financial assets measured at amortised cost include cash and cash equivalents and amounts falling due within one year.

The company classifies its financial liabilities as financial liabilities measured at amortised cost. The classification, which is determined at initial recognition, depends on the purpose for which they were acquired or originated. Financial liabilities measured at amortised cost are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method (see above). Finance costs, including discounts allowed on issue, are recorded in interest payable and similar expenses. Financial liabilities measured at amortised cost include creditors: amounts falling due within one year.

(iii) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet where there is:

- (i) currently a legally enforceable right to set off the recognised amounts; and
- (ii) intent to settle on a net basis or to realise the asset and settle the liability simultaneously.

Where these conditions are not met, financial assets and financial liabilities are presented on a gross basis on the balance sheet.

ELQ INVESTORS, LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

2. ACCOUNTING POLICIES (continued)

i. Current and deferred tax

The tax credit comprises current and deferred tax. Tax is recognised in the profit and loss account.

Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all temporary differences that have originated, but not reversed at the balance sheet date, where transactions or events have occurred by that date that will result in an obligation to pay more tax or a right to pay less tax in the future with the following exceptions:

- (i) Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which future reversal of the underlying temporary differences can be deducted.
- (ii) Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

j. Share capital

Ordinary share capital is classified as equity and the redeemable ordinary share capital is classified as debt.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in these financial statements. The nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

a. Deferred tax

The company has recognised a deferred tax asset (see note 12) which requires judgement in determining the extent of its recoverability at each reporting date. The company assesses recoverability with reference to forecasts of future taxable profits. These forecasts require the use of assumptions and estimates. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

4. NET REVENUES

	Year ended 31 December 2021	Year ended 30 December 2020
	US\$	US\$
Net revenues from equity investments	-	(2,598,096)

ELQ INVESTORS, LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

5. ADMINISTRATIVE EXPENSES

	Year ended 31 December 2021	Year ended 31 December 2020
	US\$	US\$
Management fees charged by group undertakings	8,613	5,913
Foreign exchange gains / (losses)	11,488	(36,224)
Legal and professional fees	-	12,460
Auditors' remuneration - audit services of the company	8,186	21,845
Other expenses	27,318	32,689
	55,605	36,683

The auditors' remuneration for the audit of the financial statements for the current year of £12,000 (US\$16,487) (2020: £16,000 (US\$20,467)) has been borne by a group undertaking.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2021	Year ended 31 December 2020
	US\$	US\$
Interest on loans to group undertakings (see note 14)	133,474	662,361
Bank interest income	-	22,002
	133,474	684,363

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31 December 2021	Year ended 31 December 2020
	US\$	US\$
Interest on loans from group undertakings (see note 16)	-	3,609,359
Bank interest expense	98	-
	98	3,609,359

8. OTHER INCOME

	Year ended 31 December 2021	Year ended 30 December 2020
	US\$	US\$
Other income	58,842	883,777

Other income in the current year includes the release of expenses pertaining to historic investments, previously overprovided for, following their final settlement.

9. STAFF COSTS

As in the prior year, the company has no employees. All persons involved in the company's operations are employed by group undertakings. The charges made by these group undertakings for all services provided to the company are included in management fees charged by group undertakings (see note 5).

ELQ INVESTORS, LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

10. DIRECTORS' EMOLUMENTS

The directors did not receive any remuneration from the company in the current or prior years and no contributions were made by the company under defined benefit or defined contribution pension schemes. The directors are employed by other group undertakings and their remuneration is borne by those companies and not re-charged. The directors do not consider that more than an incidental amount of their remuneration relates to the qualifying services provided to the company.

11. TAX ON PROFIT/(LOSS)

	Year ended 31 December 2021 US\$	Year ended 30 December 2020 US\$
Current tax:		
U.K. corporation tax	7,494	-
Adjustment in respect of prior periods	(1,938,424)	907,358
Total current tax	(1,930,930)	907,358
Deferred tax:		
Origination and reversal of temporary differences	7,494	-
Effect of change in U.K. corporation tax rates	(12,180,174)	(3,879,696)
Total deferred tax	(12,172,680)	(3,879,696)
Total tax on profit/(loss)	(14,103,610)	(2,972,338)

The table below presents a reconciliation between tax on profit/(loss) and the amount calculated by applying the standard rate of U.K. corporation tax applicable to the company for the year of 19% (2020: 19%) to the profit/(loss) before taxation.

	Year ended 31 December 2021 US\$	Year ended 30 December 2020 US\$
Profit/(loss) before taxation	447,118	(2,897,875)
Profit/(loss) before taxation multiplied by the standard rate in the UK of 19% (2020: 19%)	84,952	(550,596)
Permanent differences	-	493,638
Allocation of partnership loss	(62)	(1,938,425)
Non-taxable dividend income	(248,996)	(448,292)
Non-deductible impairment on investments in subsidiary undertakings	190,000	110,449
Non-taxable / non-deductible income and expenses	(10,906)	(138,228)
Current year tax losses not utilised or recognised	-	2,471,454
Effect of increased tax rate on opening asset	(12,180,174)	(3,879,696)
Adjustment in respect of prior periods	(1,938,424)	907,358
Total tax on (loss)/profit	(14,103,610)	(2,972,338)

The company has carried forward losses of US\$18.7 million (31 December 2020: US\$32.5 million) on which no deferred tax asset has been recognised as there is uncertainty whether the company will generate suitable taxable profits in the future which the deferred tax asset can be recovered.

The Finance Act 2021, which increases the U.K. corporate tax main rate from 19% to 25% from April 1, 2023, was enacted in June 2021. This change resulted in the company recognising a gain of US\$12.2 million in the profit and loss account on remeasurement of its deferred tax assets.

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12. DEFERRED TAX ASSET

	31 December 2021	31 December 2020
	US\$	US\$
Deferred tax asset comprises		
Unused tax losses	50,750,725	38,570,551
Origination and reversal of temporary differences	(7,494)	-
	50,743,231	38,570,551

	US\$
The movements in the deferred tax balance were as follows:	
At 1 January 2020	34,690,855
Credited to the profit and loss account (see note 11)	3,879,696
At 31 December 2020	38,570,551
Credited to the profit and loss account (see note 11)	12,172,680
At 31 December 2021	50,743,231

The directors consider that future taxable profits will be available against which the deferred tax asset can be recovered.

13. FIXED ASSET INVESTMENTS

Fixed asset investments, which are unlisted and stated at cost less provision for any impairment, comprise investments in subsidiary undertakings:

	US\$
At 1 January 2020	1,001,951,239
Impairments	(581,308)
At 31 December 2020	1,001,369,931
Impairments	(1,000,000)
At 31 December 2021	1,000,369,931

In the current year, the company received dividend income totalling US\$1.3 million (2020: US\$2.4 million) from subsidiary undertakings. This comprised US\$1.3m (2020: US\$1.3 million) from GS European Strategic Investment Group (2009) Ltd. In the prior year, dividend income from subsidiary undertakings comprised US\$1.3 million from GS European Strategic Investment Group (2009) Ltd, US\$0.8 million from Yellow Acquisitions Ltd, US\$0.1 million from NEG (TPL) Ltd, US\$0.1 million from South Wales TPL Investments Limited and US\$0.1 million from Western Power Investment Ltd.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

13. FIXED ASSET INVESTMENTS (continued)

The subsidiaries, over which the company exercises control via ordinary shares held directly by the company at the year end, are:

Name of company	Nature of business	Proportion of nominal value held	Class of shares held
GS UK Funding GPCO Limited ²	Investment company	100%	Ordinary shares
Kypris Acquisitions Ltd ²	Investment company	100%	Ordinary and redeemable shares
Yellow Acquisitions Ltd ²	Investment company	100%	Ordinary and redeemable shares
GS European Strategic Investment Group (2009) Ltd ²	In liquidation	100%	Ordinary shares
GS European Opportunities Fund II GP Ltd ²	In liquidation	100%	Ordinary shares
GS European Strategic Investment Group B.V. ¹	In liquidation	100%	Ordinary shares

The subsidiaries, over which the company exercises control via ordinary shares held by subsidiary undertakings at the year end, are:

Name of company	Nature of business	Proportion of nominal value held	Class of shares held
GS UK Funding Limited Partnership ²	Investment company	100%	Voting interest
Kreta Acquisitions Ltd ²	Investment company	100%	Ordinary and redeemable shares
Poseidon Acquisitions Ltd ²	Investment company	100%	Ordinary and redeemable shares
PMF-1, Ltd ²	Investment company	100%	Ordinary and redeemable shares

Registered office addresses at:

¹ Strawinskyalaan 3127, Amsterdam, 1077ZX, Netherlands

² Plumtree Court, 25 Shoe Lane, London, EC4A 4AU, United Kingdom

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2021	31 December 2020
	US\$	US\$
Loan due from group undertaking	44,017,251	44,017,251
Amounts due from group undertakings	5,239,936	5,088,761
Group relief receivable	1,938,513	1,490,484
Other debtors	421,011	370,694
	51,616,711	50,967,190

Amounts due from group undertakings includes US\$1.4 million (31 December 2020: US\$0.2 million) in cash balances held on account by a fellow group undertaking.

Amounts due from group undertakings in the current and prior year includes a loan of US\$44.0 million (31 December 2020: US\$44.0 million) advanced by the company to GS UK Funding Limited Partnership, a fellow group undertaking, under the terms of an existing loan agreement dated 26 June 2012. The loan is unsecured and carries interest at a variable margin over the U.S. Federal Reserve's federal funds rate. The loan is repayable on 26 June 2032 or 360 days from when the lender demands repayment, if earlier.

15. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2021	31 December 2020
	US\$	US\$
Deferred tax asset (see note 12)	50,743,231	38,570,551

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2021	31 December 2020
	US\$	US\$
Redeemable ordinary shares (see note 17)	500,000,000	500,000,000
Amounts due to group undertakings	8,954,414	9,051,423
Accruals	14,054	15,090
	508,968,468	509,066,513

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

17. CALLED UP SHARE CAPITAL

At 31 December 2021 and 31 December 2020 called up share capital comprised:

	31 December 2021		31 December 2020	
	No.	US\$	No.	US\$
<u>Allotted, called up and fully paid</u>				
Ordinary shares of US\$0.00000001 (2020: US\$1) each	75,000	-	75,000	75,000
Redeemable ordinary shares of US\$0.00000001 (2020: US\$1) each	500,000,000	5	500,000,000	500,000,000
		500,000,000		500,075,000
<u>Shares classified as liabilities</u>				
Redeemable ordinary shares of US\$0.00000001 (2020: US\$1) each	500,000,000	(5)	500,000,000	(500,000,000)
		-		75,000

During the year, the company:

- reduced the ordinary share capital by cancelling and extinguishing US\$0.99999999 from each issued fully paid up ordinary share of US\$1 creating distributable reserves of US\$75,000 (see note 18).
- reduced the redeemable ordinary share capital by cancelling and extinguishing US\$0.99999999 from each issued fully paid up ordinary share of US\$1. As a result, US\$500.0 million was credited to the company's legal distributable reserves. On redemption, the shares remain redeemable at their subscription price.

Ordinary shares and redeemable ordinary shares rank pari passu in all respects including voting rights and have no stated dividend rights. The redeemable ordinary shares must be redeemed at the earlier of 90 days notice from the holder or 20 years after the date of issuance. The redeemable ordinary shares are mandatorily redeemable at their subscription price. In the event of winding up, the redeemable ordinary shareholders are entitled to receive payment of the amount equal to their rateable share of the net asset value of the company.

Due to the mandatory redemption requirements, the redeemable ordinary shares are classified as debt and included within Creditors: Amounts falling due within one year (see note 16). Given the short-term nature of these instruments, their subscription price is considered a reasonable approximation of the present value of the amount payable upon redemption.

18. OTHER RESERVES

	31 December 2021	31 December 2020
	US\$	US\$
Other reserves	1,969,429,409	1,969,354,409

19. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had no financial commitments or contingencies outstanding at year end (31 December 2020: US\$ nil).

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

20. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The company monitors its capital on an ongoing basis. The company's objective is to be prudently capitalised in terms of the amount and composition of its equity base compared to the company's risk exposures. The appropriate level and composition of equity capital is determined by considering multiple factors including the business environment, conditions in the financial markets and assessments of potential future losses due to adverse changes in market environments.

The company is not subject to any externally imposed capital requirements.

The directors consider that the most important components of the company's financial risk are market risk, credit risk and liquidity risk. The company, as part of a global group, adheres to global risk management policies and procedures.

a. Market risk

Market risk is the risk of loss in value of investments, as well as certain other financial assets and financial liabilities, due to changes in market conditions. Risks are monitored and controlled through strong firmwide oversight and independent control and support functions across the company's business. Relevant market risks for the company are interest rate risk, currency risk and equity price risk.

Interest rate risk results from exposures to changes in level, slope and curvature of yield curves, volatilities of interest rates and credit spreads.

If interest rate has been 0.5 percent higher/lower and all other variables were held constant, the company's profit before taxation for the year ended 31 December 2021 would have been US\$0.2 million higher (2020: US\$0.2 million). This has been determined by assuming that the company's exposure to interest rate risk at balance sheet date was consistent for the whole year.

Currency risk results from exposures to changes in spot prices, forward prices and volatilities of currency rates. The company's functional currency is the U.S. dollar. At 31 December 2021, the company had no material net exposures to other currencies (2020: none).

The company manages its interest rate and currency risks as part of GS Group's risk management policy, by establishing economic hedges as appropriate to the circumstances of the company.

b. Credit risk

Credit risk represents the potential for loss due to the default or deterioration in the credit quality of a counterparty. Credit risk is managed by reviewing the credit quality of the counterparties and reviewing, if applicable, the underlying collateral against which the financial assets are secured. The company's maximum exposure to credit risk is equivalent to the carrying value of its financial assets as at 31 December 2021 and 31 December 2020. The company's credit exposures are described further below:

- Cash at bank and in hand include both interest-bearing and non-interest-bearing deposits. To mitigate the risk of credit loss, the company places substantially all of its deposits with highly-rated banks.
- The company is exposed to credit risk from its amounts due from group undertakings, for which the credit risk is considered minimal. As at 31 December 2021, the company had no debtors past due (31 December 2020: US\$ nil).

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

20. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (continued)

c. Liquidity risk

Liquidity risk is the risk that the company does not have sufficient cash or collateral to make payments to its counterparties or customers as they fall due. The company manages its liquidity risk in accordance with GS Group's comprehensive and conservative set of liquidity and funding policies to address both company specific and broader industry or market liquidity events.

21. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a. Financial assets and financial liabilities by category

The table below presents the carrying value of the company's financial assets and financial liabilities by category:

		31 December 2021	
		Amortised cost	Total
		US\$	US\$
Financial assets			
Debtors: Amounts falling due within one year		51,616,712	51,616,712
Cash at bank and in hand		4,851,437	4,851,437
		56,468,149	56,468,149
		Amortised cost	Total
		US\$	US\$
Financial liabilities			
Creditors: amounts falling due within one year		508,968,468	508,968,467
		508,968,468	508,968,468
		31 December 2020	
		Amortised cost	Total
		US\$	US\$
Financial assets			
Debtors: Amounts falling due within one year		50,967,190	50,967,190
Cash at bank and in hand		2,220,955	2,220,955
		53,188,145	53,188,145
		Amortised cost	Total
		US\$	US\$
Financial liabilities			
Creditors: amounts falling due within one year		509,066,513	509,066,513
		509,066,513	509,066,513

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021**21. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)****b. Fair value hierarchy**

FRS 101 has a three level fair value hierarchy for disclosure of fair value measurements. The fair value hierarchy prioritises inputs to the valuation techniques used to measure fair value, giving the highest priority to level 1 inputs and lowest priority to level 3 inputs. A financial instrument's level in the fair value hierarchy is based on the lowest level of any input that is significant to its fair value measurement.

The fair value hierarchy is as follows:

- Level 1 - Inputs are unadjusted quoted prices in active markets to which GS Group has access at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Inputs to valuation techniques are observable, either directly or indirectly.
- Level 3 - One or more inputs to valuation techniques are significant and unobservable.

The fair values of the company's financial assets and financial liabilities are either based on observable prices and inputs and are classified in levels 1 and 2 of the fair value hierarchy, or include one or more inputs which are significant and unobservable and are classified in level 3 of the fair value hierarchy. Certain level 2 and level 3 financial assets and financial liabilities may require appropriate valuation adjustments that a market participant would require to arrive at fair value for factors such as counterparty and the company's and GS Group's credit quality, funding risk, transfer restrictions, liquidity and bid/offer spreads. Valuation adjustments are generally based on market evidence.

c. Valuation techniques and significant inputs

Valuation techniques and significant inputs for each level of the fair value hierarchy include:

- Level 1 financial instruments are valued using quoted prices for identical unrestricted instruments in active markets. The company defines active markets for financial instruments based on both average daily trading volume and number of days with trading activity.
- Level 2 financial instruments can be verified to quoted prices, recent trading activity for identical or similar instruments, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. Consideration is given to the nature of the quotations (e.g. indicative or firm) and the relationship of recent market activity to the prices provided from alternative pricing sources.

Valuation adjustments are typically made to level 2 financial instruments (i) if the financial instrument is subject to transfer restrictions and/or (ii) for other premiums and liquidity discounts that a market participant would require to arrive at fair value. Valuation adjustments are generally based on market evidence.

- Level 3 financial instruments have one or more significant valuation inputs that are not observable. Absent evidence to the contrary, level 3 financial instruments are initially valued at transaction price, which is considered to be the best initial estimate of fair value. Subsequently, the company uses other methodologies to determine fair value, which vary based on the type of instrument. Valuation inputs and assumptions are changed when corroborated by substantive observable evidence, including values realised on sales of financial assets.

d. Fair value of financial assets by level

As of 31 December 2021, all financials assets measured at fair value through profit and loss are classified at level 3.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021**21. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)****e. Significant unobservable inputs used in Level 3 fair value measurement**

As of 31 December 2021, the company had level 3 financial assets measured at fair value through profit and loss of US\$nil (31 December 2020: US\$nil). The table below presents the significant unobservable inputs used to value the level 3 financial assets, and the related weighted averages.

Level 3 financial instruments measured at fair value through the profit and loss	Valuation techniques and significant unobservable inputs	Significant unobservable inputs (where a range, weighted average)	
		As of December 2021	As of December 2020
Equity investments (US\$nil and US\$nil of net level 3 assets as of 31 December 2021 and 31 December 2020 respectively)	Market comparables: <ul style="list-style-type: none">Earning multiples	0.0x	0.0x

f. Level 3 rollforward

During 2021 and 2020, there were no changes in fair value for all level 3 financial assets. Additionally, there were no transfers between level 1 and level 2 financial assets measured at fair value on a recurring basis. All financial liabilities are categorised as liabilities held at amortised cost in the current and prior years.

g. Fair value of financial assets valued using techniques that incorporate unobservable inputs

The fair value of financial assets and financial liabilities may be determined in whole or part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument or based on available observable market data and changing these assumptions will change the resultant estimate of fair value.

The potential impact of using reasonable possible alternative assumptions for the valuation, including significant unobservable inputs, has been quantified as of 31 December 2021, as approximately US\$nil (2020: US\$nil) for favourable changes and US\$nil (2020: US\$nil) for unfavourable changes.

h. Fair value of financial assets and financial liabilities not measured at fair value

The company has US\$56.5 million (31 December 2020: US\$53.2 million) of current financial assets and US\$509.0 million (31 December 2020: US\$509.1 million) of current financial liabilities due within one year that are not measured at fair value. Given the short-term nature of these instruments, their carrying amounts in the balance sheet are a reasonable approximation of fair value.

The company has US\$nil (31 December 2020: US\$nil) of financial liabilities due after more than one year that are not measured at fair value and relate to long-term intercompany borrowings. The interest rate associated with such borrowings was variable in nature and approximates prevailing market interest rates for instruments with similar terms and characteristics. As such, the carrying amount in the balance sheet was a reasonable approximation of fair value.

i. Maturity of financial liabilities

All financial liabilities are due within one year of balance sheet date.