

Company Number: 06409661

ELQ INVESTORS III LTD

ANNUAL REPORT

31 DECEMBER 2022

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STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2022.

1. Introduction

The principal activity of ELQ Investors III Ltd (the company) is to undertake equity and debt investments.

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 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 2022. Comparative information has been presented for the year ended 31 December 2021.

The directors consider results before taxation, 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. Loss before taxation for the year ended 31 December 2022 was US\$29.2 million (31 December 2021: US\$11.8 million).

The company had total assets of US\$476.9 million as at 31 December 2022 (31 December 2021: US\$638.7 million) and total liabilities of US\$5.8 million as at 31 December 2022 (31 December 2021: US\$137.5 million).

Impact of Russian Invasion of Ukraine

The Russian invasion of Ukraine continues to negatively affect the global economy and has resulted in significant disruptions in financial markets and increased macroeconomic uncertainty. Governments around the world have responded to Russia's invasion by imposing economic sanctions and export controls on specific industry sectors, companies and individuals in Russia. Retaliatory restrictions against investors, non-Russian owned businesses and other sovereign states have been implemented by Russia. Businesses globally continue to experience shortages in materials and increased costs for transportation, energy and raw materials due, in part, to the negative effects of the war on the global economy.

During the year 2022, the company had incurred losses on its investments, of approximately US\$76.8 million, associated with the invasion. The company does not have any remaining exposures in these investments as of 31 December 2022.

3. Exchange rate

The British pound / U.S. dollar exchange rate at the balance sheet date was £ / US\$ 1.2063 (31 December 2021: £ / US\$ 1.3535). The average rate for the year was £ / US\$ 1.2329 (31 December 2021: £ / US\$ 1.3739).

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.

STRATEGIC REPORT (continued)

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 also has 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 21 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 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 impact of the company's operations on the community and the environment; and
- c) the desirability of the company to maintain a reputation for high standards of business conduct.

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 12th July 2023.

ON BEHALF OF THE BOARD



Jeremy A Wiltshire
Director

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2022.

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 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 2021: US\$75 million). The directors do not recommend the payment of a final dividend in respect of the year (31 December 2021: US\$ nil).

3. Disclosure of information to independent 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/she 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 independent 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
R.M. Thomas		30 March 2022
J.A. Wiltshire		
P. Curle		
E. Forbes	30 March 2022	15 June 2023
M. Bradford	4 November 2022	
V Sethi	15 June 2023	

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

DIRECTORS' REPORT (Continued)

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

The directors are responsible for preparing the strategic report, 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).

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.

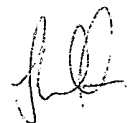
The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 from page 8 - 24 were authorised for issue by the Board of Directors on 12th July 2023.

ON BEHALF OF THE BOARD



Jeremy A Wiltshire
Director

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 2022; the profit and loss account, 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 (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.

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.

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

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 2022 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 the Companies Act 2006, 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 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 posting of inappropriate journal entries and management bias through the manipulation of the valuation of financial instruments held at fair value.. 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;
- Review of minutes of meetings of those charged with governance;
- Testing of information security controls relating to system access and change management;
- Challenging assumptions and judgments made by management in their significant accounting estimates, in particular in relation to the valuation of financial assets and liabilities held at fair value; and
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

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.

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

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.

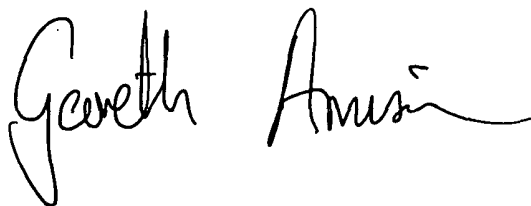
Other required reporting

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.



Gareth Amison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 July 2023

ELQ INVESTORS III LTD

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2022

		Year ended 31 December 2022	Year ended 31 December 2021
	Note	US\$	US\$
Net revenues	4	(32,222,234)	(5,228,345)
Administrative expenses	5	(1,048,504)	(5,828,496)
Interest receivable and similar income	6	11,790,671	5,237,161
Interest payable and similar expenses	7	(7,685,169)	(5,990,043)
OPERATING LOSS BEFORE TAXATION		(29,165,236)	(11,809,723)
Tax on loss	10	(959,160)	1,330,430
LOSS FOR THE FINANCIAL YEAR		(30,124,396)	(10,479,293)

The operating 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.

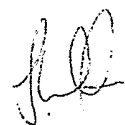
ELQ INVESTORS III LTD

BALANCE SHEET

as at 31 December 2022

	Note	31 December 2022 US\$	31 December 2021 US\$
CURRENT ASSETS			
Investments	12	44,278,539	133,628,708
Debtors: Amounts falling due within one year	13	2,936,166	4,156,120
Debtors: Amounts falling due after more than one year	14	428,856,468	500,114,480
Cash and cash equivalents		796,827	840,643
		476,868,000	638,739,951
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(4,805,919)	(14,518,736)
NET CURRENT ASSETS		472,062,081	624,221,215
 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	16	(925,777)	(122,951,227)
PROVISIONS FOR LIABILITIES	11	(18,575)	(27,863)
NET ASSETS		471,117,729	501,242,125
 CAPITAL AND RESERVES			
Called up share capital	17	72,640,846	72,640,846
Share premium account		221,231,809	221,231,809
Other Reserves	18	225,000,000	225,000,000
Profit and loss account		(47,754,926)	(17,630,530)
TOTAL SHAREHOLDER'S FUNDS		471,117,729	501,242,125

The financial statements were approved by the Board of Directors on 12th July 2023 and signed on its behalf by:



Jeremy A Wiltshire
Director

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

Company number: 06409661

ELQ INVESTORS III LTD

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

	Note	Called up share capital US\$	Share premium account US\$	Other reserves US\$	Profit and loss account US\$	Total shareholder's funds US\$
Balance at 1 January 2021	17	372,640,845	-	-	(7,151,237)	365,489,608
Loss for the financial year		-	-	-	(10,479,293)	(10,479,293)
Proceeds from shares issued	17	1	221,231,809	-	-	221,231,810
Share capital reduction	18	(300,000,000)	-	300,000,000	-	-
Dividends	19	-	-	(75,000,000)	-	(75,000,000)
Balance at 31 December 2021		72,640,846	221,231,809	225,000,000	(17,630,530)	501,242,125
Loss for the financial year		-	-	-	(30,124,396)	(30,124,396)
Balance at 31 December 2022		72,640,846	221,231,809	225,000,000	(47,754,926)	471,117,729

The directors do not recommend the payment of a dividend in respect of the year (31 December 2021: US\$75 million).

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

ELQ INVESTORS III LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

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 undertaking is Fair Zero S.a.r.l, a company incorporated and domiciled in Luxembourg.

The ultimate parent undertaking and the parent company of the 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 2f) and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101) and the Companies Act 2006.

The following exemptions from disclosure requirements of International Financial Reporting Standards (IFRS) as adopted by the E.U. 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;
- (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.

b. 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 includes net revenues from equity and debt 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.

Net revenues from debt investments include accrued interest, changes in fair value and gains and losses on sale of investments.

ELQ INVESTORS III LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

2. ACCOUNTING POLICIES (continued)

c. 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 shareholder. Interim dividends are recognised and deducted from equity when paid.

d. 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.

e. Cash and cash equivalents

Cash and cash equivalents includes cash at bank and highly liquid overnight deposits held in the ordinary course of business.

f. 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).

(ii) Classification and measurement

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

The company classifies financial assets into the below categories 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 business model reflects how the company manages particular groups of assets in order to generate future cash flows. Where the business model is to hold the assets to collect contractual cash flows, the company subsequently assesses whether the cash flows represent solely payments of principal and interest.

- **Financial assets measured at amortised cost**

Financial assets that are held for the collection of contractual cash flows and have cash flows that represent solely payments of principal and interest are measured at amortised cost, unless they are designated at fair value through profit or loss. The company considers whether the cash flows represent basic lending arrangements and where contractual terms introduce exposure to risk or volatility inconsistent with a basic lending arrangement, the financial asset is classified and measured at fair value through profit or loss.

2. ACCOUNTING POLICIES (continued)

f. Financial assets and financial liabilities (continued)

(ii) Classification and measurement (continued)

• Financial assets measured at amortised cost (continued)

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 at bank and in hand;
- Amounts falling due within one year; and
- Amounts falling due after more than one year

• Financial assets mandatorily measured at fair value through profit or loss

Financial assets that do not meet the criteria for amortised cost are mandatorily measured at fair value through profit or loss. Such financial assets are initially measured at fair value and subsequently at fair value through profit or loss, with gains or losses recognised in net revenues on financial instruments at fair value.

The company classifies its financial liabilities into the below category. The classification, which is determined at initial recognition, depends on the purpose for which they were acquired or originated. Financial assets mandatorily measured at fair value include:

- Investments.

• Financial liabilities measured at amortised cost

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:

- Amounts falling due within one year; and
- Amounts falling due after more than one year

ELQ INVESTORS III LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

2. ACCOUNTING POLICIES (continued)

f. Financial assets and financial liabilities (continued)

(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.

g. Current and deferred tax

The tax expense 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 the 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.

h. Share capital

Ordinary share capital is classified as equity.

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 estimates have had the most significant effect on amounts recognised in the financial statements:

Fair value measurement

Certain of the company's financial assets include significant unobservable inputs (i.e. level 3). See note 22 for information about the carrying value, valuation techniques and significant inputs of these instruments.

ELQ INVESTORS III LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

4. NET REVENUE

	Year ended 31 December 2022 US\$	Year ended 31 December 2021 US\$
Net revenue from equity investments	(8,873,554)	(10,237,944)
Net revenue from debt investments	(22,985,180)	5,286,033
Foreign exchange loss on investments	(363,500)	(276,434)
	(32,222,234)	(5,228,345)

5. ADMINISTRATIVE EXPENSES

	Year ended 31 December 2022 US\$	Year ended 31 December 2021 US\$
Management fees charged by group undertakings (note 8)	1,311,924	5,723,733
Legal and professional fees	37,130	47,760
Foreign exchange (gains)/losses	(332,349)	23,940
Auditors' remuneration – audit services	29,494	30,225
Other expenses	2,305	2,838
	1,048,504	5,828,496

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2022 US\$	Year ended 31 December 2021 US\$
Interest on loans due from group undertakings (see note 14)	11,790,671	5,237,161
	11,790,671	5,237,161

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31 December 2022 US\$	Year ended 31 December 2021 US\$
Interest on loans due to group undertakings (see note 16)	7,685,169	5,990,043
	7,685,169	5,990,043

8. 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).

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

9. 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.

10. TAX ON LOSS

	Year ended 31 December 2022 US\$	Year ended 31 December 2021 US\$
Current tax:		
U.K. corporation tax	461,743	(1,330,291)
Adjustments in respect of prior periods	506,705	9,148
Total current tax	968,448	(1,321,143)
Deferred tax:		
Origination and reversal of temporary differences	(9,288)	(9,287)
Effect of rate change	-	-
Total deferred tax	(9,288)	(9,287)
Total tax on loss	959,160	(1,330,430)

The table below presents a reconciliation between tax on loss and the amount calculated by applying the standard rate of U.K. corporation tax applicable to the company for the year of 19% (2021: 19%) to the loss before taxation.

	Year ended 31 December 2022 US\$	Year ended 31 December 2021 US\$
Loss before taxation	(29,165,236)	(11,809,723)
Loss before taxation multiplied by the standard rate in the U.K. of 19% (2021: 19%)	(5,541,395)	(2,243,847)
Permanent differences	6,129,286	897,486
Exchange differences and other	(135,436)	6,783
Adjustments in respect of prior periods	506,705	9,148
Total tax on loss	959,160	(1,330,430)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

11. PROVISION FOR LIABILITIES

	31 December 2022 US\$	31 December 2021 US\$
Deferred tax liability comprises		
Timing differences in respect of debt investments	18,575	27,863
	18,575	27,863

US\$

The movements in the deferred tax balance were as follows:

At 1 January 2021	37,150
Credited to the profit and loss account (see note 10)	(9,287)
At 31 December 2021	27,863
Credited to the profit and loss account (see note 10)	(9,288)
At 31 December 2022	18,575

12. INVESTMENTS

	31 December 2022 US\$	31 December 2021 US\$
Debt Investments	44,278,539	121,433,726
Equity Investments	-	12,194,982
	44,278,539	133,628,708

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2022 US\$	31 December 2021 US\$
Amounts due from group undertaking	1,459,281	2,658,518
Group tax relief receivable	1,453,275	1,497,602
Other receivables	23,610	-
	2,936,166	4,156,120

Amounts due from group undertaking represents cash held on account by a fellow group undertaking.

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

	31 December 2022 US\$	31 December 2021 US\$
Long-term loan due from group undertakings	383,483,772	466,532,455
Interest accrued on long-term loan due from group undertakings	45,372,696	33,582,025
	428,856,468	500,114,480

Long-term loan due from group undertakings comprise the following loans:

- (i) US\$179,316,964 (31 December 2021: US\$262,365,647) advanced to Goldman Sachs International, a fellow group undertaking, under the terms an existing loan agreement dated 7 February 2017. 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 7 February 2027.
- (ii) US\$204,166,808 (31 December 2021: US\$204,166,808) advanced to GS Sapphire Holding Limited, a fellow group undertaking, under the terms an existing loan agreement dated 18 January 2018. 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 17 January 2038.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2022 US\$	31 December 2021 US\$
Amounts due to group undertakings	4,221,625	12,739,587
Group tax relief payable	584,294	1,777,407
Other creditors and accruals	-	1,742
	4,805,919	14,518,736

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2022 US\$	31 December 2021 US\$
Long-term loan due to group undertakings	-	103,884,990
Interest accrued on long-term loan due to group undertakings	925,777	19,066,237
	925,777	122,951,227

Long-term loan due to group undertakings comprised a Loan advanced by Goldman Sachs International under the terms of an existing loan agreement dated 7 February 2017. The loan was unsecured and carries interest at a variable margin over the RUB overnight interest rate. The loan was repaid during the year ended 31 December 2022.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

17. CALLED UP SHARE CAPITAL

At 31 December 2022 and 31 December 2021 share capital comprised:

	31 December 2022		31 December 2021	
	No.	US\$	No.	US\$
<u>Allotted, called up and fully paid</u>				
Ordinary shares of US\$ 1 each	72,640,846	72,640,846	72,640,846	72,640,846
		<u>72,640,846</u>		<u>72,640,846</u>

18. OTHER RESERVES

During the year ended 31 December 2021, the company created reserves of US\$300 million by effecting a share capital reduction.

19. DIVIDENDS PAID

	31 December 2022	31 December 2021
	US\$	US\$
Interim dividend paid	0	75,000,000

20. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had no financial commitments and contingencies outstanding at the year end (31 December 2021: US\$ nil).

21. 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

21. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (continued)

a. Market risk (continued)

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 rates had been 0.5 percent higher and all other variables were held constant, the company's loss before taxation for the year ended 31 December 2022 would not have been materially impacted (31 December 2021: US\$nil). 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 changes in spot prices, forward prices and volatilities of currency rates.

The company's functional currency is the U.S. dollar. At 31 December 2022, the company had no material net exposures to other currencies (31 December 2021: US\$nil).

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.

Equity price risk arises from exposures to changes in prices and volatilities of individual investments. The sensitivity analysis below has been determined based on the company's exposure to equity price risk at the balance sheet date. If equity values had been 10 percent lower, loss before taxation for the year ended 31 December 2022 would not have been materially impacted (31 December 2021: US\$1.2million) as a result of the changes in fair value.

b. Credit risk

Credit risk represents the potential for loss due to the default or deterioration in 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 listed below as at 31 December 2022 and 31 December 2021. The company's credit exposures are described further below:

Cash and cash equivalents. Cash and cash equivalents 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.

Debtors. 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 2022, the company had no debtors past due (31 December 2021: Nil).

Investments. The company is exposed to credit risk from its debt investments which are measured at fair value through profit or loss. As at 31 December 2022, the company had no balances past due (31 December 2021: Nil).

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.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

22. 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 2022			
	Mandatorily at fair value	Amortised cost	Total
	US\$	US\$	US\$
Financial assets			
Investments	44,278,539	-	44,278,539
Debtors: Amount falling due within one year	-	1,459,281	1,459,281
Debtors: Amount falling due after more than one year	-	428,856,468	428,856,468
Cash and cash equivalents	-	796,827	796,827
	44,278,539	431,112,576	475,391,115

	Designated at fair value	Amortised cost	Total
	US\$	US\$	US\$
Financial liabilities			
Creditors: Amounts falling due within one year	-	(4,221,625)	(4,221,625)
Creditors: Amounts falling due after more than one year	-	(925,777)	(925,777)
	-	(5,147,402)	(5,147,402)

31 December 2021			
	Mandatorily at fair value	Amortised cost	Total
	US\$	US	US\$
Financial assets			
Investments	133,628,708	-	133,628,708
Debtors: Amount falling due within one year	-	4,156,120	4,156,120
Debtors: Amount falling due after more than one year	-	500,114,480	500,114,480
Cash and cash equivalents	-	840,643	840,643
	133,628,708	505,111,243	638,739,951

	Designated at fair value	Amortised cost	Total
	US\$	US	US\$
Financial liabilities			
Creditors: Amounts falling due within one year	-	(14,518,736)	(14,518,736)
Creditors: Amounts falling due after more than one year	-	(122,951,227)	(122,951,227)
	-	(137,469,963)	(137,469,963)

22. 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.
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 for substantially all of the company's financial assets and financial liabilities include one or more inputs which are significant and unobservable and are classified in level 3 of the fair value hierarchy. Certain 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

Equity and Debt investments

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 input that are not observable. Absent evidence to the contrary, level 3 cash 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.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

22. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

d. Fair value of financial assets and liabilities by level

The tables below present, by level within the fair value hierarchy, financial assets measured at fair value on a recurring basis. There are no financial liabilities measured at fair value.

As of 31 December 2022				
	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets at fair value				
Debt investments	-	-	44,278,539	44,278,539
Equity investments	-	-	-	-
Total financial assets at fair value	-	-	44,278,539	44,278,539

As of 31 December 2021				
	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets at fair value				
Debt investments	-	13,694,455	107,739,271	121,433,726
Equity investments	-	-	12,194,982	12,194,982
Total financial assets at fair value	-	13,694,455	119,934,253	133,628,708

e. Significant unobservable inputs used in Level 3 fair value measurement

As of 31 December 2022, the company had level 3 financial asset measured at fair value through profit and loss of US\$44.3 million (31 December 2021: \$119.9 million). The table below presents the significant unobservable inputs used to value the level 3 financial asset.

Level 3 cash instruments	Valuation techniques and significant unobservable inputs	Significant unobservable inputs (where a range, weighted average)	
		As of 31 December 2022	As of 31 December 2021
Debt investments (US\$44.3 million and US\$119.9 million of level 3 assets as of 31 December 2022 and 31 December 2021, respectively)	Market comparable: <ul style="list-style-type: none"> Capitalisation rate Multiples 	0.8x book value	15.75%

f. Level 3 rollforward

The table below presents the changes in fair value for all level 3 financial assets. Gains and losses arising on level 3 assets are recognised within net revenues in the profit and loss account.

	Year ended 31 December 2022 US\$	Year ended 30 December 2021 US\$
Level 3 financial assets at fair value		
Balance, beginning of year	119,934,253	130,731,658
Transfers into Level 3	13,694,455	-
Settlements	(13,156,597)	(5,538,581)
(Loss)	(76,193,572)	(5,258,824)
	44,278,539	119,934,253

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

22. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

g. Fair value of financial assets and financial liabilities 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 current 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 2022, as approximately US\$10.5 million (31 December 2021: US\$56.0 million) for favourable changes and loss of US\$5.3 million (31 December 2021: US\$11.0 million) for unfavourable changes.

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

The company has US\$2.2 million (31 December 2021: US\$4.9 million) of current financial assets and US\$4.2 million (31 December 2021: US\$14.5 million) of current financial liabilities 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\$428.9 million (31 December 2021: US\$500.1 million) of financial assets and US\$0.9 million (31 December 2021: US\$122.9 million) of financial liabilities due after more than one year that are not measured at fair value and relate to long-term intercompany loans. The interest rate associated with such loans is 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 is a reasonable approximation of fair value.

i. Maturity of financial liabilities

The table below presents the undiscounted cash flows of the company's financial liabilities by contractual maturity including interest that will accrue.

		31 December 2022		
		Less than 3 months	5+ years	Total
		US\$	US\$	US\$
Financial liabilities				
Creditors: amounts falling due within one year		4,221,625	-	4,221,625
Creditors: amounts falling due after more than one year		-	925,777	925,777
		4,221,625	925,777	5,147,402
		31 December 2021		
		Less than 3 months	5+ years	Total
		US\$	US\$	US\$
Financial liabilities				
Creditors: amounts falling due within one year		14,518,736	-	14,518,736
Creditors: amounts falling due after more than one year		-	152,850,149	152,850,149
		14,518,736	152,850,149	167,368,885