

**Company Number: 04762058**

**ELQ INVESTORS, LTD**

**ANNUAL REPORT**

**31 DECEMBER 2020**



## STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2020.

### 1. Introduction

The principal activity of ELQ Investors, Ltd (the company) is to hold investments in subsidiary undertakings which undertake investment business and to directly hold private equity 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 investment banking, securities and investment management firm that provides a wide range of financial services to a substantial 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 2020. Comparative information has been presented for the year ended 31 December 2019.

The directors consider (loss)/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. Loss before taxation for the year ended 31 December 2020 was US\$2.9 million (2019: profit of US\$215.0 million).

The company had total assets of US\$1,093.1 million as at 31 December 2020 (31 December 2019: US\$1,111.6 million) and total liabilities of US\$509.1 million as at 31 December 2020 (31 December 2019: US\$527.7 million).

### 3. Exchange rate

The British pound / U.S. dollar exchange rate at the balance sheet date was £ / US\$1.3653 (31 December 2019: £ / US\$1.3265). The average rate for the year was £ / US\$1.2924 (2019: £ / US\$1.2792).

### 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. 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\$455.9 million, excluding the deferred tax asset of US\$38.6 million, as at 31 December 2020 (31 December 2019: US\$433.2 million excluding the deferred tax asset of US\$34.7 million) following the issuance of US\$500.0 million redeemable ordinary shares classified as debt. GS Financing Opportunities II LLC, a parent undertaking, and the holder of the redeemable ordinary shares, has committed to ensuring that in the event that they were to exercise the call option on the shares, they would accept any form of asset or assets, of equal value, as an acceptable consideration for repayment. As a result, the directors have prepared these financial statements on a going concern basis. The directors 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 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 24 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 27 September 2021.

**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 2020.

### **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, 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 2019: 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:

<b>Name</b>	<b>Resigned</b>
O. J. Bingham	
W. T. Gasson	16 October 2020
M. Holmes	
J. Wiltshire	

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, the directors' report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS101 "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 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. They are also responsible for safeguarding the assets of the company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**7. Post balance sheet events**

Subsequent to the year end, on 30 April 2021, the following events occurred:

- The company reduced the redeemable ordinary share capital by cancelling and extinguishing \$0.99999999 of each issued fully paid up ordinary share of US\$1 each, such that the company's redeemable ordinary share capital was reduced from US\$500,000,000 to US\$5, and that the amount of such reductions was credited to the company's distributable reserves; and
- The company reduced the ordinary share capital by cancelling and extinguishing \$0.99999999 of each issued fully paid up ordinary share of US\$1 each, such that the company's ordinary share capital was reduced from US\$75,000 to US\$0.00075, and that the amount of such reductions was credited to the company's distributable reserves.

**8. Date of authorisation of issue**

The financial statements were authorised for issue by the Board of Directors on 27 September 2021.

**ON BEHALF OF THE BOARD**



Oliver Bingham

Director

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

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## **Report on the audit of 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 2020 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 2020; 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.

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.

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

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## **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 2020 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 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. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Using our data auditing tools to identify manual journals with a higher inherent risk of fraud, and obtaining appropriate audit evidence to support these journals;
- Incorporating unpredictability into the nature, timing and/or extent of our testing; and
- Performing risk assessment analytical procedures to identify any unusual or unexpected relationships, transactions outside the normal course of business or that may be indicative of a material misstatement due to fraud.

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](http://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.

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

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**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

27 September 2021



# ELQ INVESTORS, LTD

## PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2020

		Year ended 31 December 2020	Year ended 31 December 2019
	Note	US\$	US\$
Net revenues	4	(2,598,096)	(609,288)
Administrative expenses	5	(36,683)	(197,910)
Income from shares in group undertakings	6	2,359,431	28,329
Write down of shares in group undertakings	7	(581,308)	-
Interest receivable and similar income	8	684,363	1,522,903
Interest payable and similar expenses	9	(3,609,359)	(775,954)
Other income	10	883,777	2,510,423
<b>OPERATING (LOSS)/PROFIT</b>		<b>(2,897,875)</b>	<b>2,478,503</b>
Gain on sale of partnership interest / subsidiary undertakings	15	-	212,559,700
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		<b>(2,897,875)</b>	<b>215,038,203</b>
Tax on (loss)/profit	13	2,972,338	203,960
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>74,463</b>	<b>215,242,163</b>

The operating (losses)/profits 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.


# ELQ INVESTORS, LTD

## BALANCE SHEET

as at 31 December 2020

	Note	31 December 2020 US\$	31 December 2019 US\$
<b>FIXED ASSETS</b>			
Investments	15	1,001,369,931	1,001,951,239
<b>CURRENT ASSETS</b>			
Investments	16	-	2,598,096
Debtors: Amounts falling due within one year	17	50,967,190	61,162,609
Debtors: Amounts falling due after more than one year	18	38,570,551	34,690,855
Cash at bank and in hand		2,220,955	11,243,993
		91,758,696	109,695,553
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	19	(509,066,513)	(508,246,437)
<b>NET CURRENT LIABILITIES</b>		(417,307,817)	(398,550,884)
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	20	-	(19,412,704)
<b>NET ASSETS</b>		584,062,114	583,987,651
<b>CAPITAL AND RESERVES</b>			
Called up share capital	21	75,000	75,000
Other reserves	22	1,969,354,409	1,969,354,409
Profit and loss account		(1,385,367,295)	(1,385,441,758)
<b>TOTAL SHAREHOLDERS' FUNDS</b>		584,062,114	583,987,651

The financial statements were approved by the Board of Directors on 27 September 2021 and signed on its behalf by:

  
**Oliver Bingham**  
 Director

## ELQ INVESTORS, LTD

### STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

		Called up share capital	Other reserves	Profit and loss account	Total shareholders' funds
	Note	US\$	US\$	US\$	US\$
Balance at 1 January 2019		75,000	1,969,354,409	(1,600,683,921)	368,745,488
Profit for the financial year		-	-	215,242,163	215,242,163
Balance at 31 December 2019		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

The directors do not recommend the payment of a dividend in respect of the year (31 December 2019: US\$nil).

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

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020**

**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.

Effective from 26 June 2019, the company's immediate parent undertakings are MTGLQ Investors L.P. and GS Financing Opportunities II LLC, following the company issuing 500,000,000 redeemable ordinary shares of US\$1 each to GS Financing Opportunities II LLC (see note 21). Both 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 can be obtained from Investor Relations, 200 West Street, New York, NY 10282, United States of America, or at [www.goldmansachs.com/investor-relations/](http://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 2h) 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)(iv);
- (iii) IAS 1 'Presentation of Financial Statements' paragraphs 10(d), 10(f), 16, 38A, 38B-D, and 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 2020****2. ACCOUNTING POLICIES (continued)****b. Going concern**

The company had net current liabilities of US\$455.9 million, excluding the deferred tax asset of US\$38.6 million, as at 31 December 2020 (31 December 2019: US\$433.2 million excluding the deferred tax asset of US\$34.7 million) following the issuance of US\$500.0 million redeemable ordinary shares classified as debt. GS Financing Opportunities II LLC, a parent undertaking, and the holder of the redeemable ordinary shares, has committed to ensuring that in the event that they were to exercise the call option on the shares, they would accept any form of asset or assets, of equal value, as an acceptable consideration for repayment. 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.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020**

**2. ACCOUNTING POLICIES (continued)**

**h. Financial assets and financial liabilities (continued)**

**(i) Recognition and derecognition (continued)**

Financial liabilities are derecognised only when they are extinguished (i.e. when the obligation specified in the current contract is discharged or cancelled or expires).

**(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 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. 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.

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 debtors: amounts falling due within 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. Financial assets mandatorily measured at fair value include current asset investments.

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.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020**

**2. ACCOUNTING POLICIES (continued)**

**h. 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.

**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 14) 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.

# ELQ INVESTORS, LTD

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020

### 4. NET REVENUES

	Year ended 31 December 2020	Year ended 31 December 2019
	US\$	US\$
Net revenues from equity investments	(2,598,096)	(609,288)

### 5. ADMINISTRATIVE EXPENSES

	Year ended 31 December 2020	Year ended 31 December 2019
	US\$	US\$
Foreign exchange gains	(36,224)	(201,420)
Management fees charged by group undertakings	5,913	328,063
Legal and professional fees	12,460	64,873
Auditors' remuneration - audit services of the company	21,845	20,467
Other expenses/(income)	32,689	(14,073)
	<b>36,683</b>	<b>197,910</b>

### 6. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	Year ended 31 December 2020	Year ended 31 December 2019
	US\$	US\$
Income from shares in group undertakings	<b>2,359,431</b>	<b>28,329</b>

In the current year, the company received dividend income totalling US\$2.4 million (2019: US\$0.03 million) from subsidiary undertakings. This comprised US\$1.3 million (2019: US\$nil) 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. In the prior year, dividend income from subsidiary undertakings comprised US\$0.03 million from Fleet Properties, Comprá E Venda De Imóveis.

### 7. WRITE DOWN OF SHARES IN GROUP UNDERTAKINGS

In the current year, the company recorded an impairment of US\$0.6 million on Yellow Acquisitions Ltd as part of the year-end assessment of the subsidiaries performance.

### 8. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2020	Year ended 31 December 2019
	US\$	US\$
Interest on loans to group undertakings (see note 17)	662,361	1,477,834
Bank interest income	22,002	45,069
	<b>684,363</b>	<b>1,522,903</b>



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**ELQ INVESTORS, LTD**

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**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020****9. INTEREST PAYABLE AND SIMILAR EXPENSES**

	Year ended 31 December 2020	Year ended 31 December 2019
	US\$	US\$
Interest on loans from group undertakings (see note 20)	3,609,359	775,954
	<u>3,609,359</u>	<u>775,954</u>

**10. OTHER INCOME**

	Year ended 31 December 2020	Year ended 31 December 2019
	US\$	US\$
Other income	883,777	2,510,423

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

**11. 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).

**12. 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.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020**

**13. TAX ON (LOSS)/PROFIT**

	Year ended 31 December 2020	Year ended 31 December 2019
	US\$	US\$
<b>Current tax:</b>		
U.K. corporation tax	-	-
Adjustment in respect of prior periods	907,358	(203,960)
<b>Total current tax</b>	<b>907,358</b>	<b>(203,960)</b>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	-	-
Effect of change in U.K. corporation tax rates	(3,879,696)	-
<b>Total deferred tax</b>	<b>(3,879,696)</b>	<b>-</b>
<b>Total tax on (loss)/profit</b>	<b>(2,972,338)</b>	<b>(203,960)</b>

The table below presents a reconciliation between tax on (loss)/profit and the amount calculated by applying the standard rate of U.K. corporation tax applicable to the company for the year of 19% (2019: 19%) to the (loss)/profit before taxation.

	Year ended 31 December 2020	Year ended 31 December 2019
	US\$	US\$
(Loss)/profit before taxation	(2,897,875)	215,038,203
(Loss)/profit before taxation multiplied by the standard rate in the UK of 19% (2019: 19%)	(550,596)	40,857,259
Permanent differences	493,638	115,765
Allocation of partnership (loss) / income	(1,938,425)	(2,679,984)
Non-taxable gains on sale of partnership interest	-	(40,386,343)
Non-taxable dividend income	(448,292)	(5,383)
Non-deductible impairment on investments in subsidiary undertakings	110,449	-
Non-taxable / non-deductible income and expenses	(138,228)	(366,930)
Current year tax losses not utilised or recognised	2,471,454	2,465,616
Effect of increased tax rate on opening asset	(3,879,696)	-
Adjustment in respect of prior periods	907,358	(203,960)
<b>Total tax on (loss)/profit</b>	<b>(2,972,338)</b>	<b>(203,960)</b>

The company has a deferred tax asset of US\$38.6 million (31 December 2019: US\$34.7 million) in respect of losses carried forward which are expected to be recovered in future periods (see note 14).

The Finance Act 2020 received Royal Assent on July 22, 2020 and maintained the U.K. corporation tax main rate at 19%, when it had been due to decrease from 19% to 17% from April 1, 2020. As a result, the U.K. corporate rate applicable to the company for the year ended December 2020 was 19%, consistent with the year ended December 2019. This change resulted in the company recognising a gain of US\$3.9 million in the profit and loss account on remeasurement of its deferred tax assets.

The U.K. government announced in its budget on March 3, 2021 that the U.K. corporation tax main rate, will increase from 19% to 25% from April 1, 2023. The company will remeasure its deferred tax assets on substantive enactment of this change.

A potential deferred tax asset of US\$6.2 million (31 December 2019: US\$3.3 million) has not been recognised in the financial statements at the year end as it was uncertain whether the company will generate suitable taxable profits in the future.

# ELQ INVESTORS, LTD

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020

### 14. DEFERRED TAX ASSET

	31 December 2020	31 December 2019
	US\$	US\$
<b>Deferred tax asset comprises</b>		
Unused tax losses	38,570,551	34,690,855
	<b>38,570,551</b>	<b>34,690,855</b>

	US\$
<b>The movements in the deferred tax balance were as follows:</b>	
At 1 January 2019 and 31 December 2019	34,690,855
Credited to the profit and loss account (see note 13)	3,879,696
<b>At 31 December 2020</b>	<b>38,570,551</b>

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

### 15. 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 2019	289,391,539
Additions	795,879,877
Disposals	(83,320,177)
<b>At 31 December 2019</b>	<b>1,001,951,239</b>
Impairments (see note 7)	(581,308)
<b>At 31 December 2020</b>	<b>1,001,369,931</b>

On 26 June 2019, the company entered into a transfer deed to transfer its interest in GS UK Funding Limited Partnership to PMF-2, Ltd, a fellow group undertaking, for a total consideration of US\$295.9 million. This resulted in a US\$212.6 million gain on disposal of the company's interest in GS UK Funding Limited Partnership.

On the same day, the company subscribed for US\$795,879,877 redeemable ordinary shares in Kypris Acquisitions Ltd, for a total consideration of US\$795.9 million using the proceeds generated from the transaction noted above and the issuance of 500,000,000 redeemable ordinary shares of US\$1 each (see note 21).

# ELQ INVESTORS, LTD

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020

### 15. 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 <sup>2</sup>	Investment company	100%	Ordinary shares
Kypris Acquisitions Ltd <sup>2</sup>	Investment company	100%	Ordinary and redeemable shares
Yellow Acquisitions Ltd <sup>2</sup>	Investment company	100%	Ordinary and redeemable shares
Western Power Investment Ltd <sup>3</sup>	In liquidation	100%	Ordinary shares
GS European Strategic Investment Group (2009) Ltd <sup>2</sup>	In liquidation	100%	Ordinary shares
GS European Opportunities Fund II GP Ltd <sup>2</sup>	In liquidation	100%	Ordinary shares
GS European Strategic Investment Group B.V. <sup>1</sup>	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 <sup>2</sup>	Investment company	100%	Voting interest
Kreta Acquisitions Ltd <sup>2</sup>	Investment company	100%	Ordinary and redeemable shares
Poseidon Acquisitions Ltd <sup>2</sup>	Investment company	100%	Ordinary and redeemable shares
PMF-1, Ltd <sup>2</sup>	Investment company	100%	Ordinary and redeemable shares

The subsidiaries have registered office addresses at:

<sup>1</sup> Strawingskylaan 3127, Amsterdam, 1077ZX, Netherlands

<sup>2</sup> Plumtree Court, 25 Shoe Lane, London, EC4A 4AU, United Kingdom

<sup>3</sup> 15 Canada Square, London, E14 5GL, United Kingdom

# ELQ INVESTORS, LTD

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020

### 16. CURRENT ASSET INVESTMENTS

Current asset investments, which are stated at fair value (see note 25), comprise equity investments.

	31 December 2020	31 December 2019
	US\$	US\$
Equity investments	-	2,598,096

### 17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2020	31 December 2019
	US\$	US\$
Loan due from group undertaking	44,017,251	55,559,698
Amounts due from group undertakings	5,088,761	3,205,158
Group relief receivable	1,490,484	2,397,753
Other debtors	370,694	-
	<b>50,967,190</b>	<b>61,162,609</b>

Loan due from group undertaking comprises a loan of US\$44.0 million (31 December 2019: US\$55.6 million) advanced by the company to GS UK Funding Limited Partnership, a fellow group undertaking, under the terms of an existing loan agreement. 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 2022 or 360 days from when the lender demands repayment, if earlier.

Amounts due from group undertakings includes US\$0.2 million in cash balances held on account by a fellow group undertaking (31 December 2019: US\$nil).

### 18. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2020	31 December 2019
	US\$	US\$
Deferred tax asset (see note 14)	38,570,551	34,690,855

### 19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2020	31 December 2019
	US\$	US\$
Redeemable ordinary shares (see note 21)	500,000,000	500,000,000
Interest due to group and parent undertakings (see note 20)	-	766,102
Amounts due to group undertakings	9,051,423	4,018,954
Corporation tax payable	-	3,420,336
Accruals	15,090	41,045
	<b>509,066,513</b>	<b>508,246,437</b>

# ELQ INVESTORS, LTD

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020

### 20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2020	31 December 2019
	US\$	US\$
Long-term loan due to parent undertaking	-	16,836,919
Long-term loans due to group undertakings	-	2,575,785
	-	<b>19,412,704</b>

In the prior year, long-term loan due to parent undertaking comprised a loan advanced by MTGLQ Investors, L.P. which was repaid in full during the current year.

In the prior year, long-term loans due to group undertakings comprised a loan of US\$2.6 million advanced by PMF-1, Ltd which was repaid in full during the current year.

### 21. CALLED UP SHARE CAPITAL

At 31 December 2020 and 31 December 2019 called up share capital comprised:

	31 December 2020		31 December 2019	
	No.	US\$	No.	US\$
<b><u>Allotted, called up and fully paid</u></b>				
Ordinary Shares of US\$1 each	75,000	75,000	75,000	75,000
Redeemable ordinary shares of US\$1 each	500,000,000	500,000,000	500,000,000	500,000,000
		<b>500,075,000</b>		<b>500,075,000</b>
<b><u>Shares classified as liabilities</u></b>				
Redeemable ordinary shares of US\$1 each	500,000,000	(500,000,000)	500,000,000	(500,000,000)
		<b>75,000</b>		<b>75,000</b>

In the prior year, the company issued 500,000,000 redeemable ordinary shares of US\$1 each to GS Financing Opportunities II LLC, for a consideration of US\$500.0 million.

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 19). 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.

### 22. OTHER RESERVES

	US\$
At 31 December 2019 and 31 December 2020	<b>1,969,354,409</b>

Other reserves were created in a prior year as a result of a share capital reduction.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020**

**23. FINANCIAL COMMITMENTS AND CONTINGENCIES**

The company had no financial commitments or contingencies outstanding at year end (31 December 2019: US\$ nil).

**24. 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.

Equity price risk arises from exposures to changes in the prices and interest rate 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 per cent higher/lower, profit before taxation for the year ended 31 December 2019 would have increased/decreased by US\$nil (2019: US\$0.3 million) as a result of the changes in fair value.

Interest rate risk results from exposures to changes in level, slope and curvature of yield curves, volatilities of interest rates and credit spreads. The company's exposure to interest rate risk was not significant as at 31 December 2020 and 31 December 2019.

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 2020, the company had no material net exposures to other currencies (2019: 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 2020 and 31 December 2019. 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 2020, the company had no debtors past due (31 December 2019: US\$ nil).

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020**

**24. 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.

**25. 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:

<b>31 December 2020</b>			
	<b>Mandatorily at fair value</b>	<b>Amortised cost</b>	<b>Total</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>Financial assets</b>			
Investments	-	-	-
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
	<b>-</b>	<b>53,188,145</b>	<b>53,188,145</b>
		<b>Amortised cost</b>	<b>Total</b>
		<b>US\$</b>	<b>US\$</b>
<b>Financial liabilities</b>			
Creditors: amounts falling due within one year		509,066,513	509,066,513
		<b>509,066,513</b>	<b>509,066,513</b>
<b>31 December 2019</b>			
	<b>Mandatorily at fair value</b>	<b>Amortised cost</b>	<b>Total</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>Financial assets</b>			
Investments	2,598,096	-	2,598,096
Debtors: Amounts falling due within one year	-	61,162,609	61,162,609
Cash at bank and in hand	-	11,243,993	11,243,993
	<b>2,598,096</b>	<b>72,406,602</b>	<b>75,004,698</b>
		<b>Amortised cost</b>	<b>Total</b>
		<b>US\$</b>	<b>US\$</b>
<b>Financial liabilities</b>			
Creditors: amounts falling due within one year		504,826,101	504,826,101
Creditors: amounts falling due after more than one year		19,412,704	19,412,704
		<b>524,238,805</b>	<b>524,238,805</b>



**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020****25. 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.

# ELQ INVESTORS, LTD

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020

### 25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

#### d. Fair value of financial assets by level

		As of 31 December 2020			
		Level 1	Level 2	Level 3	Total
		US\$	US\$	US\$	US\$
<b>Financial assets at fair value</b>					
Equity investments		-	-	-	-
		-	-	-	-
		As of 31 December 2019			
		Level 1	Level 2	Level 3	Total
		US\$	US\$	US\$	US\$
<b>Financial assets at fair value</b>					
Equity investments		-	-	2,598,096	2,598,096
		-	-	2,598,096	2,598,096

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

As of 31 December 2020, the company had a level 3 financial asset measured at fair value through profit and loss of US\$ nil (31 December 2019: US\$2.6 million). The table below presents the significant unobservable inputs used to value the level 3 financial assets, and the related weighted averages.

Level 3 cash instruments	Valuation techniques and significant unobservable inputs	Significant unobservable inputs (where a range, weighted average)	
		As of December 2020	As of December 2019
Equity investments (US nil and US\$2.6 million of net level 3 assets as of 31 December 2020 and 31 December 2019 respectively)	Market comparables: • Earning multiples	0.0x	9.4x

#### 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 trading profit in the profit and loss account.

	31 December 2020
	Equity investments
	US\$
<b>Level 3 financial assets at fair value</b>	
Balance, beginning of year	2,598,096
(Losses)	(2,598,096)
<b>Balance, end of year</b>	-

During 2020 and 2019, 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.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020**

**25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)**

**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 2020, as approximately US\$nil (2019: US\$7.8 million) for favourable changes and US\$nil (2019: US\$nil) for unfavourable changes.

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

The company has US\$53.2 million (31 December 2019: US\$72.4 million) of current financial assets and US\$509.1 million (31 December 2019: US\$524.2 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\$nil (31 December 2019: US\$19.4 million) 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**

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

<b>31 December 2020</b>					
	<b>Less than 3 months</b>	<b>3 months to 1 year</b>	<b>1-5 years</b>	<b>5+ years</b>	<b>Total</b>
<b>Financial liabilities</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Creditors: amounts falling due within one year	509,066,513	-	-	-	509,066,513
	<b>509,066,513</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>509,066,513</b>
<b>31 December 2019</b>					
	<b>Less than 3 months</b>	<b>3 months to 1 year</b>	<b>1-5 years</b>	<b>5+ years</b>	<b>Total</b>
<b>Financial liabilities</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Creditors: amounts falling due within one year	504,826,101	-	-	-	504,826,101
Creditors: amounts falling due after more than one year	-	723,554	18,162,263	3,823,853	22,709,670
	<b>504,826,101</b>	<b>723,554</b>	<b>18,162,263</b>	<b>3,823,853</b>	<b>527,535,771</b>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020**

**26. POST BALANCE SHEET EVENTS**

Subsequent to the year end, on 30 April 2021, the following events occurred:

- The company reduced the redeemable ordinary share capital by cancelling and extinguishing \$0.99999999 of each issued fully paid up ordinary share of US\$1 each, such that the company's redeemable ordinary share capital was reduced from US\$500,000,000 to US\$5, and that the amount of such reductions was credited to the company's distributable reserves; and
- The company reduced the ordinary share capital by cancelling and extinguishing \$0.99999999 of each issued fully paid up ordinary share of US\$1 each, such that the company's ordinary share capital was reduced from US\$75,000 to US\$0.00075, and that the amount of such reductions was credited to the company's distributable reserves.