



## **Galileo Holdco 2 Limited**

Annual report and financial statements

Registered number 10138785

Year ended 31 December 2020

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## Strategic report

The directors present their strategic report of Galileo Holdco 2 Ltd (the “Company”) for the year ended 31 December 2020.

### Principle activities overview

The principal activity of the Company is that of an intermediate holding company and issuer of loan notes, which are then lent to other group companies. The loan notes are listed in The International Stock Exchange, headquartered in St. Peter Port, Guernsey. The Group (“Galileo”) is a leading provider of modular Compressed Natural Gas (“CNG”) and Liquefied Natural Gas (“LNG”) equipment that focuses on delivering innovative solutions to produce and transport natural gas. With facilities in Buenos Aires, Argentina, Los Angeles and New Jersey, USA, Galileo serves customers in over 67 countries across Latin America, North America, Europe, Africa and Asia.

Galileo operates through a dual sales / rental model that allows it to accommodate the requirements of its large and diverse customer base. In addition, Galileo built and is now operating the first power plant in the world that generates electricity from LNG produced at wells not connected to natural gas transportation system (the “Anchoris Power Plant”).

### Background of the Group

Galileo Holdco 2 Limited was formed on 21 April 2016. The Company is a limited entity registered in the United Kingdom. The Company’s registered company number is 10138785 and its registered address is c/o Aztec Financial Services (UK Limited Forum 4, Solent Business Park, Parkway South, Whiteley, Fareham, England, PO15 7AD.

In April 2016, the ‘Galileo group’ formed a strategic partnership with Blue Water Energy Fund I, LP and Blue Water Energy Fund IA, LP (“BWE Funds”), the private equity energy specialists based in London. The objective of this strategic partnership is to drive the internationalisation and growth of the business.

The strategic partnership was implemented through a number of transactions. On 29 April 2016 Galileo Global Technologies Limited acquired 94.2% of Galileo Rental S.A. and 100% of the others companies in the ‘Galileo group’. On 6 June 2017, Galileo Global Technologies acquired the remaining shares of Galileo Rental S.A. As a result of these transactions, BWE Funds control 50% of the ordinary shares of Galileo Holdco 1 Limited, and indirectly of the Company. The remaining 50% is held by Boson Holdings Corporation and is controlled by a group of managers and directors of the ‘Galileo Group’.

The financial statements of Galileo Holdco 2 Limited are presented for the year starting on 1 January 2020 and ending on 31 December 2020. The information for the year ending 31 December 2019 reflects trading information from 1 January 2019 to 31 December 2019. The Company financial statements are presented in thousands of US dollars (“US \$000”) unless otherwise noted.

### Business review and performance

The results for the financial year are set out on page 10.

In May 2018, Galileo Holdco 2 Limited created two new subsidiaries, Edge Holdco UK Limited (“EHU”) and Edge International Holdings 2 Inc. (“EIH”). Edge International Holdings 2 Inc subsequently incorporated a further subsidiary, Edge Gathering Virtual Pipelines 2 LLC (“EDGE”).

On 4 December 2018, Edge International Holdings 2 Inc. and Galileo Technologies Corporation entered into an agreement with external shareholders who contributed additional capital to EDGE, resulting in common units for a total value of US \$16.4 million being issued. The same external shareholders have committed to contribute additional capital to EDGE if certain conditions in the shareholder’s agreement are fulfilled over the first semester of 2019. As part of this arrangement Blue Water Energy Fund II, L.P. has also acquired a 28.35% ownership interest in EDGE. This interest will increase to 34.80% if the additional capital described above is contributed. Blue Water Energy Fund II, L.P. is the second Fund raised by Blue Water Energy, a specialist private equity energy investor.

During 2019, EDGE completed a US\$19.6 million capital raising. EIH did not subscribed to this capital raising and the number of common units it owns in EDGE remains unchanged, therefore its participation was reduced to 15.56%.

On 19 February 2020, EDGE reached an agreement through which Galileo received payment for contractual milestones of the 4 December 2018 Purchase Order as if they had been met, including 25,560,000 participation units representing an 28% participation in EDGE that are now held by Galileo Technologies Corporation, Edge International Holdings 2 Inc. (“EIH”) did not subscribe to this capital raising and the number of units, therefore its participation was reduced to 11.20%.

### Business outlook

Since 31 December 2020, the Company has not raised new financing from third party financing providers or related parties.

The Company expects EDGE's business to continue to grow driven by i. the availability of stranded and flared natural gas which provide a cheap, abundant and clean energy source; and ii. Galileo's technology which unlocks this energy source by allowing it to be transported to consumers economically. Management expects demand for the LNG produced by EDGE to grow as it is an attractive source of reliable energy all year round.

### Principle risks and uncertainties

The principal risks and uncertainties affecting the business include the following:

Risk	Description	Management strategy	Change from prior year
<b>Country risk</b>	A significant portion of Galileo's production facilities are located in Argentina, which has a history of political and macroeconomic instability.	Galileo's management has successfully operated in this environment for over 30 years and the Directors are confident that they will continue to manage the exposure of the business to Argentine risk in the future.	No change
<b>Currency risk</b>	Galileo operates mainly in US Dollars and Argentinean Pesos, which exposes the business to fluctuations in the US\$ / AR\$ exchange rate.	Galileo's functional and reporting currency is the US Dollar, which limits the impact of large fluctuations in US\$ / AR\$ exchange rate on its performance, as a majority of revenue and cost of sales are denominated in US Dollars. The impact of exchange rate fluctuations is marginal due to a limited number of locally sourced costs in Argentina. In Argentina's current hyperinflationary environment, material fluctuations in the US\$ / AR\$ exchange rate are likely to result in depreciation of the AR\$, which will have a positive impact on Galileo's performance by reducing the US\$ cost of those AR\$ denominated local costs.	No change
<b>Inflationary environment</b>	The majority of Galileo's production facilities and some of its operations are located in Argentina where inflation levels have been sustainably high over the last several years. Cumulative inflation for the 3 years period ending 31 December 2020 exceeds 200%	As explained above, Galileo's functional currency is the US Dollar, which reduces its exposure to inflation in Argentina. A relative small portion of Galileo's costs are denominated in Argentinean Pesos. The periodic adjustments in Argentinean Pesos cost are usually counterbalanced by a depreciation of the Argentinean Pesos and therefore tend to result in a reduction in Galileo's US Dollar denominated costs.	↑
<b>Competitive risk</b>	Galileo operates in a highly competitive market. Product innovation and technical advances by competitors could adversely affect its performance.	The Directors are confident that the track record of Galileo's innovation will enable it to succeed in a rapidly changing competitive landscape.	No change

**Principle risks and uncertainties (continued)**

<b>Liquidity risks</b>	Galileo relies on operating cashflow generation and financing from its shareholders and other financing providers to meet its financial commitments.	Galileo identifies and manages liquidity risk across the following categories: i. short-term liquidity management covering the next 13 weeks on a rolling basis with continuous monitoring of forecast and actual cashflows. The Group's operations in Argentina rely on post-dated checks to pay its suppliers. These type of instruments are commonly used in the Argentine marketplace and allow the Group to manage short-term liquidity while retaining a high degree of certainty when forecasting cash outflows; ii. medium-term liquidity management of liquid assets, working capital and bank facilities to cover medium term cash requirements in excess of operating cashflow generation; and iii. long-term liquidity management ensuring an adequate spread of maturities of borrowing facilities to avoid refinancing risk concentration. The Group relies on renewable credit lines for a material portion of its financing needs. The majority of these lines are with Argentine banks and can be used as overdraft facilities, short term export or working capital financing; and long-term working capital financing, in some cases. The majority of this financing is available in either US dollars or Argentine pesos. These credit lines are reviewed on a yearly basis when the financial statements of the Argentine operating companies are available. A deterioration in the financial performance of the Argentine operating companies could affect Galileo's ability to renew or expand these credit lines. The Directors expect that the performance of the Argentine operating companies will be sufficient to renew and possibly expand these credit lines.	No change
<b>Credit risk</b>	Galileo relies on third party financing to finance its operations and growth initiatives. A material event affecting the availability of third-party financing globally could impact Galileo's ability to refinance existing facilities when due if required.	Galileo continuously monitors credit conditions and maintains an active dialogue with institutions that provide financing.	No change
<b>COVID-19 pandemic</b>	The COVID-19 global pandemic is affecting countries and businesses across the world, temporarily reducing demand and creating uncertainty about future performance. Galileo has implemented all necessary protocols and has obtained all necessary regulatory approval to continue to produce and operate safely during the pandemic.	Galileo is working to mitigate the impact of this pandemic on its suppliers, costumers, ongoing projects and its own operations. The Directors are confident that the impact of the pandemic on Galileo's markets will be temporary and that the underlying drivers of demand for Galileo's products continue to be strong, which should be reflected on limited disruption of Galileo expected performance.	↓

**Capital risk management**

Galileo manages its capital to ensure that all entities within the Group will be able to continue as a going concern while maximising returns to shareholders by optimizing its capital structure. Galileo's capital structure currently consists of cash and cash equivalents, third party debt, shareholder debt and equity attributable to the shareholders. Galileo continuously monitors its capital structure and manages it considering the following factors:

- a. the cost of capital and the financial risks associated with each class of capital;
- b. gearing levels;
- c. potential impact of changes to the capital structure on net tangible assets and shareholders' equity; and
- d. market conditions and availability of capital.

Since 31 December 2020, the Company has not raised new financing from third party financing providers or related parties (note 15).

**Going concern**

The financial statements have been prepared on a going concern basis and the Directors believe the adoption of the going concern basis of accounting to be appropriate. The directors have considered the factors that impact the Company's future development, performance, cash flows and financial position, for a period of at least 12 months from the date of approval of the financial statements, along with the Company's current liquidity in forming their opinion on the going concern basis.

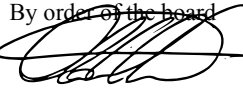
Galileo Holdco 2 Limited is a holding company with reduced activity that holds external loan balances due to third parties. Galileo Holdco 2 Limited has third party loans of US\$37.55m which need to be refinanced at the end of 2021 and whilst the Directors are in discussions with the lenders and are confident that they will be refinanced, the refinance is not committed as yet.

The Company has received a letter of support from its ultimate parent company, Galileo Holdco 1 UK Limited which confirms that Galileo Holdco 1 UK Limited will not require repayment of current liabilities and will cover the Company's costs over the next 12 months from signing these financial statements.

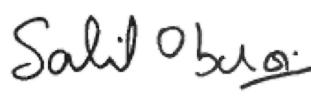
The Central Bank of Argentina has imposed capital controls in the country which limits the ability of the Group to which Galileo Holdco 2 Limited belongs, to make any remittances overseas, particularly the debt with Finnish Fund for Industrial Cooperation Ltd. ("Finnfund"). The Group's request to pay Finnfund directly have previously been denied by the Central Bank of Argentina. Management continues to work with the Central Bank of Argentina to negotiate access to the official exchange rate market to use its existing local liquidity and future cashflow generation to service this facility. Should the Group's future requests be denied, the Group has sufficient existing liquidity outside of Argentina to make capital and interest repayments as they fall due.

In addition, the Group is in breach of covenants on the loan from Finnfund. In the absence of a standstill agreement with Finnfund, the lender would be able to request full repayment of the outstanding loan. In the event that the full amount is recalled, the Group may need to raise additional funds to make this repayment.

As a result, a material uncertainty exists regarding Galileo Holdco 1 UK Limited's going concern and may therefore impact its ability to provide the required financial support to the Company. This together with the loans that need to be refinanced indicates that a material uncertainty exists which may cast significant doubt over the Company's ability to continue as a going concern and that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

By order of the board  
  
Osvaldo del Campo  
Director

7 September 2021

  
Salil Oberoi  
Director

7 September 2021

**Directors' report**

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

**Results and dividends**

The Company loss for the year is US\$ 32.96m (2019: US\$8.46 million loss). The directors do not recommend payment of an ordinary dividend (2019: nil).

**Directors**

The directors who held office during the year, and since the end of the year, were as follows:

	Date of appointment	Date of resignation
Ulises de la Orden	29 April 2016	-
Osvaldo del Campo	29 April 2016	-
Thomas Sikorski	29 April 2016	-
Salil Oberoi	6 December 2018	-

**Auditors**

Each of the persons who is a Director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s 148 of the Companies Act 2006.

BDO LLP has expressed its willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the Annual General Meeting.

**Post Balance Sheet Events**

Please refer to note 15 in the Financial Statements for a detailed discussion on events that occurred subsequent to 31 December 2020.

**Future Developments**

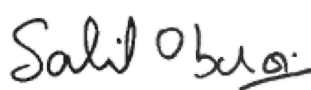
Please refer to the Strategic Report for detailed discussion on future developments.

By order of the board



Osvaldo del Campo  
Director

7 September 2021



Salil Oberoi  
Director

7 September 2021

### Statement of Directors' Responsibilities

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 year. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). Under company law the 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 year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with FRS 101, subject to any material departures disclosed and explained in the financial statements; 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.



## **Independent Auditor's Report to members of Galileo Holdco 2 Limited**

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Galileo Holdco 2 Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Material uncertainty related to going concern**

We draw attention to note 1.6 to the financial statements, which explains the directors' consideration over going concern. The Company is dependent on the financial support of Galileo Holdco 1 Limited ("ultimate Parent Company") who itself has a material uncertainty related to going concern which may impact its ability to provide the required financial support to the company. As stated in note 1.6, these events or conditions along with other matters indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

## **Other Companies Act 2006 reporting**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

## **Responsibilities of Directors**

As explained more fully in the Statement of Directors' Responsibilities in respect of the directors' report and the financial statements, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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.

## **Auditor's 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 auditor's 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.

*Extent to which the audit was capable of detecting irregularities, including fraud*

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:

- Holding discussions with management to consider any known or suspected instances of non-compliance with laws and regulations or fraud identified by them;
- Gaining an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, through discussion with management and the audit committee and our knowledge of the industry;
- Considering the significant laws and regulations in the UK to be those relating to the industry, financial reporting framework, tax legislation and the listing rules;
- Assessing the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur;
- Performing a detailed review of the Company's year-end adjusting entries and investigating any that appear unusual as to nature or amount and agreeing to supporting documentation;
- Assessing whether the judgements made in accounting estimates were indicative of a potential bias;
- Reviewing minutes from board meetings of those charges with governance to identify any instances of non-compliance with laws and regulations; and

- Holding meetings with relevant internal management and external third parties to form our own opinion on the extent of Company compliance.


Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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Marc Reinecke (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, United Kingdom

7 September 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Statement of Comprehensive Income

*For the year ended 31 December 2020*

		Year ended 31 December 2020 US \$000	Year ended 31 December 2019 US \$000
	Note		
General and administrative expenses	3	(9)	(15)
Profit on investments	3	-	15,192
<b>Operating(loss) / profit</b>		<b>(9)</b>	<b>15,177</b>
Other revenues - expenses	3	-	2,500
Finance income	4	9,174	8,246
Finance expenses	4	(42,129)	(34,386)
<b>Loss for the year before tax</b>		<b>(32,964)</b>	<b>(8,463)</b>
Taxation	5	-	-
<b>Loss for the financial year</b>		<b>(32,964)</b>	<b>(8,463)</b>

The accompanying notes on pages 13 to 22 form an integral part of these financial statements.

## Statement of Financial Position

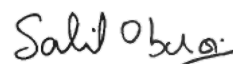
As of 31 December 2020

	Note	2020 US \$000	2019 US \$000
<b>Non-Current Assets</b>			
Investments	6	82,484	82,484
Other receivables	7	94,342	91,384
		<b>176,826</b>	<b>173,868</b>
<b>Current Assets</b>			
Other receivables	7	8,593	1,128
Cash and cash equivalents		18	40
		<b>8,611</b>	<b>1,168</b>
<b>Total Assets</b>		<b>185,437</b>	<b>175,036</b>
<b>Current Liabilities</b>			
Trade and other liabilities	8	134	136
Loans and borrowings	9	95,102	-
<b>Total Current Liabilities</b>		<b>95,236</b>	<b>136</b>
<b>Non-Current Liabilities</b>			
Loans and borrowings	9	183,256	234,991
<b>Total Non-Current Liabilities</b>		<b>183,256</b>	<b>234,991</b>
<b>Total Liabilities</b>		<b>278,492</b>	<b>235,127</b>
<b>Net Liabilities</b>		<b>(93,055)</b>	<b>(60,091)</b>
<b>Capital and reserves</b>			
Share capital	10	-	-
Retained earnings		(93,055)	(60,091)
<b>Total shareholders deficit</b>		<b>(93,055)</b>	<b>(60,091)</b>

The financial statements were approved by the Board of Directors on 7 September 2021 and were signed on its behalf by:



Osvaldo del Campo  
Director



Salil Oberoi  
Director

Company registered number: 10138785

The accompanying notes on pages 13 to 22 form an integral part of these financial statements.

## Statement of Changes in Equity

*For the year ended 31 December 2020*

	Share capital US \$000	Retained earnings US \$000	Total parent equity US \$000
<b>Balance as of 31 December 2018</b>	-	(51,628)	(51,628)
<b>Total comprehensive loss for the year</b>			
Loss for the year	-	(8,463)	(8,463)
Total loss for the year	-	(8,463)	(8,463)
<b>Balance as of 31 December 2019</b>	-	(60,091)	(60,091)
<b>Total comprehensive loss for the year</b>			
Loss for the year	-	(32,964)	(32,964)
Total loss for the year	-	(32,964)	(32,964)
<b>Balance as of 31 December 2020</b>	-	(93,055)	(93,055)

The accompanying notes on pages 13 to 22 form an integral part of these financial statements.

## Notes to the Company Financial Statements

### 1. Accounting policies

#### 1.1 General information

Galileo Holdco 2 Limited, (the 'Company'), is a private limited company, incorporated and domiciled in the United Kingdom ('UK').

The ultimate controlling party of the Company is Galileo Holdco 1 Limited.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International accounting standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Galileo Holdco 1 Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Galileo Holdco 1 Limited are prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006 and are available to the public and may be obtained from Aztec Financial Services (UK) Ltd, Forum 4, Solent Business Park, Whiteley, Hampshire, Fareham, England, PO15 7AD.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Statement of Cash Flows and related notes;
- Disclosures in relation to the objectives, policies and process for managing capital
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Galileo Holdco 1 Limited, the Company's ultimate controlling party, include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement*
- disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. These financial statements are prepared on a going concern basis. The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

All values are rounded to the nearest thousand dollars (\$'000), except where otherwise indicated.

#### 1.2 Foreign currency

The Company's financial statements are presented in US Dollar. Transactions in foreign currency are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account

#### 1.3 Investments

Investments in subsidiaries are carried at cost less impairment.

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

**Notes to the Company Financial Statements (*continued*)**

***1. Accounting policies (continued)***

***1.4 Taxation***

Tax on the loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. The Company did not recognise any current tax expense for the year ended 31 December 2020 as it has estimated a tax loss.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. The Company did not recognise any deferred tax expense or benefit for the year ended 31 December 2020 as it has deemed not probable that future taxable profits will be available against which the deferred tax asset resulting from temporary differences and carry forward tax losses can be utilised.

***1.5 Financial instruments***

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

***Trade and other receivables***

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less provisions for impairment. The Company applies the expected credit loss model (“ECL”) in respect of trade receivables. The Company track changes in credit risk, and recognise a loss allowance based on lifetime ECLs at each reporting date.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company’s cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

***Interest-bearing borrowings***

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

***Trade and other payables***

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.



## Notes to the Company Financial Statements (*continued*)

### 1.6 Going concern

The financial statements have been prepared on a going concern basis and the Directors believe the adoption of the going concern basis of accounting to be appropriate. The directors have considered the factors that impact the Company's future development, performance, cash flows and financial position, for a period of at least 12 months from the date of approval of the financial statements, along with the Company's current liquidity in forming their opinion on the going concern basis.

Galileo Holdco 2 Limited is a holding company with reduced activity that holds external loan balances due to third parties. Galileo Holdco 2 Limited has third party loans of US\$37.55 million which need to be refinanced at the end of 2021 and whilst the Directors are in discussions with the lenders and are confident that they will be refinanced, the refinance is not committed as yet.

The Company has received a letter of support from its ultimate parent company, Galileo Holdco 1 UK Limited which confirms that Galileo Holdco 1 UK Limited will not require repayment of current liabilities and will cover the Company's costs over the next 12 months from signing these financial statements.

The Central Bank of Argentina has imposed capital controls in the country which limits the ability of the Group to which Galileo Holdco 2 Limited belongs, to make any remittances overseas, particularly the debt with Finnish Fund for Industrial Cooperation Ltd. ("Finnfund"). The Group's request to pay Finnfund directly have previously been denied by the Central Bank of Argentina. Management continues to work with the Central Bank of Argentina to negotiate access to the official exchange rate market to use its existing local liquidity and future cashflow generation to service this facility. Should the Group's future requests be denied, the Group has sufficient existing liquidity outside of Argentina to make capital and interest repayments as they fall due.

In addition, the Group is in breach of covenants on the loan from Finnfund. In the absence of a standstill agreement with Finnfund, the lender would be able to request full repayment of the outstanding loan. In the event that the full amount is recalled, the Group may need to raise additional funds to make this repayment.

As a result a material uncertainty exists regarding Galileo Holdco 1 UK Limited's going concern and may therefore impact its ability to provide the required financial support to the Company. This together with the loans that need to be refinanced indicates that a material uncertainty exists which may cast significant doubt over the Company's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

### 1.7 Impairment

#### Financial assets

A financial asset not carried at fair value through profit and loss is assessed at each reporting date to determine a loss allowance for expected credit losses. If the credit risk on a financial instrument has increased significantly since initial recognition, the loss allowance is equal to the lifetime expected credit losses. If the credit risk has not increased significantly, the loss allowance is equal to the twelve month expected credit losses.

The expected credit losses are measured in a way that reflects the unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes; the time value of money and reasonable and supportable information that is available about past events, current conditions and forecasts of future economic conditions.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

## Notes to the Company Financial Statements (*continued*)

### 1.7 Impairment (*continued*)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

If the asset has been previously impaired and the net book value is lower than the estimated recoverable amount of the asset, then the difference up to the recoverable amount or previous impairment, whichever is the lower, is written back through the profit and loss.

## 2. Critical accounting estimates and judgements

### a) Carrying value of investment

Determine whether there are indicators of impairment of the company’s investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the investment and where it is a component of a larger cash-generating unit, the viability and expected performance of that unit.

### b) Determination of implicit interest rate

Loans and borrowings are interest free and therefore these are discounted using the implicit interest rate. This is the rate that the company would have to pay to borrow in a similar economic environment with similar term, security and conditions. Market rates are considered at the rates with which financing is obtained with third parties within the group. See note 9 for further information.

## 3. General and administrative expenses

Operating result is stated after charging the following within operating and administrative expenses:

	2020 US \$000	2019 US \$000
Professional fees	(9)	(12)
Insurance and other costs	-	(3)
Investment impairment reversal	-	15,192
	<u>(9)</u>	<u>15,177</u>

The audit fee payable to the Company’s auditors for the audit of the Company’s annual accounts of US\$10k (2019: US\$10k) was borne by the Company’s ultimate parent company Galileo Holdco 1 UK Limited.

Directors are paid by other companies which are part of the ultimate parent’s group. No recharge is made to this company.

There have been no Directors or key management emoluments paid from the Company during the year. Emoluments are paid within the different entities of the group Galileo Holdco 2 Limited directly or indirectly owns. Management have assessed the fair value of services provided by the Directors to the Company as US\$10k for the year (2019: US\$10k).

### Other income

2020 nil, 2019: US\$2.5m from a contractual agreement with an EDGE shareholder.

## 4. Net finance expense

	2020 US \$000	2019 US \$000
Interest income – intercompany	9,174	8,246
Interest and finance expenses	(42,129)	(34,386)
	<u>(32,955)</u>	<u>(26,140)</u>

## Notes to the Company Financial Statements (continued)

### 5. Taxation

During the year no tax charge or deferred tax charge has been recognised. A reconciliation of the tax charge is presented below.

	2020 \$000	2019 \$000
Loss before tax	(32,964)	(8,463)
Tax using the corporation tax rate of 19% (2019: 19%)	6,263	1,608
Non-taxable expenses	(2,503)	(696)
Unrecognized temporary differences	(2,790)	(912)
Group relief surrendered	(970)	-
Total tax expense	-	-

Deferred tax assets in relation to timing differences of US\$2.79 million (2019: USD\$912,000) have not been recognised due to uncertainty over timing of recoverability of the related asset through generation of taxable profits.

The Company is treated as a tax resident of the UK and is subject to a tax rate of 19% (2019: 19%).

### 6. Investments

	US \$000
<b>Investment as of 31 December 2018</b>	67,292
Impairment reversal (* <sup>1</sup> )	15,192
<b>Investment as of 31 December 2019</b>	82,484
Increase in investments in subsidiaries	-
<b>Investment as of 31 December 2020</b>	82,484

(\*<sup>1</sup>) The impairment reversal reflects the potential increase in revenues forecast, as a result of successfully applied new technologies developed in the year.

The Company has the following investment in subsidiaries as of 31 December 2020. Unless otherwise stated, they have share capital consisting solely of ordinary shares and the proportion of ownership interests held equals the voting rights held. The country of incorporation or registration is also their principal place of business.

Entity	Country of incorporation	Ownership interests %	No. of shares	Type	Registered address	Class of share held in subsidiary undertaking
Galileo Global Technologies Limited	United Kingdom	100	56,672,507	Subsidiary	Aztec Financial Services (UK) Ltd, Forum 4, Solent Business Park; Whiteley, Fareham, Hampshire, PO15 7AD	Ordinary shares
Comara Compañía de Mandatos de la Región Austral S.A.	Argentina	100	945,000	Indirectly held subsidiary	Av. Rivadavia 986 P 7° C.A.B.A.	Ordinary shares
Galileo Argentina S.A.	Argentina	100	293,000	Indirectly held subsidiary	Av. Rivadavia 986 P 7° C.A.B.A.	Ordinary shares
Galileo Technologies S.A.	Argentina	100	25,000,000	Indirectly held subsidiary	Av. Rivadavia 986 P 7° C.A.B.A.	Ordinary shares
GNC Galileo Venezuela S.A.	Venezuela	100	500,000	Indirectly held subsidiary	Av. 97 Torre Cristal Nivel 4 Of. 4-7 Nguanagua, Estado de Carabobo.	Ordinary shares
Gaz Naturel Incorporated	United States of America	100	5,000	Indirectly held subsidiary	11800 Clark Street Arcadia, California.	Ordinary shares
Comusa Incorporated	United States of America	100	5,000	Indirectly held subsidiary	11800 Clark Street Arcadia, California, Estados Unidos	Ordinary shares
Galileo Technologies Corporation	United States of America	100	10,000	Indirectly held subsidiary	11800 Clark Street Arcadia, California, Estados Unidos	Ordinary shares
Galileo Rental S.A. (* <sup>1</sup> )	Argentina	100	4,922,362	Indirectly held subsidiary	Av. Rivadavia 986 P 7° C.A.B.A. – Argentina	Ordinary shares
Methax S.A.	Argentina	100	23,989,655	Indirectly held subsidiary	Av. Rivadavia 986 P 7° C.A.B.A.	Ordinary shares

**Notes to the Company Financial Statements (continued)**

**6. Investments (continued)**

Entity	Country of incorporation	Ownership interests %	No. of shares	Type	Registered address	Class of share held in subsidiary undertaking
Methax UK Limited	United Kingdom	100	100	Indirectly held subsidiary	Aztec Financial Services (UK) Ltd, Forum 4, Solent Business Park; Whiteley, Fareham, Hampshire, PO15 7AD	Ordinary shares
Galileo Advanced Solutions LLC (*)	United States of America	51	10,000	Indirectly held subsidiary	160 Greentree Drive, Suite 101 County of Kent, Dover, Delaware 19904	Ordinary shares
Galileo Energia S.A.	Argentina	100	100,000	Indirectly held subsidiary	Av. Rivadavia 986 P 7° C.A.B.A.	Ordinary shares
Enerbine S.A.S.	Argentina	100	19,000	Indirectly held subsidiary	Av. Rivadavia 986 P 7° C.A.B.A.	Ordinary shares
Edge Energy Europe SAS	France	100	100,000	Indirectly held subsidiary	1-5, rue du 8 mai 1945, 92110 Clichy	Ordinary shares
Edge Europe Holdco Limited	United Kingdom	100	1	Subsidiary	Aztec Financial Services (UK) Ltd, Forum 4, Solent Business Park; Whiteley, Fareham, Hampshire, PO15 7AD	Ordinary shares
Edge Holdco UK Limited	United Kingdom	100	1	Subsidiary	Aztec Financial Services (UK) Ltd, Forum 4, Solent Business Park; Whiteley, Fareham, Hampshire, PO15 7AD	Ordinary shares
Edge International Holdings 2 inc	United States of America	100	100	Indirectly held subsidiary	251 Little Falls Drive, Wilmington, New Castle Country, Delaware 19808	Ordinary shares
Galileo Tecnologia Gas SA	Brazil	99.90	1,220,000	Indirectly held subsidiary	Rua Dr. Renato Paes de Barros 750, room B, conj. 32 3 floor, Lexington Building, Itaim Bibi, Municipality of São Paulo.	Ordinary shares

(\*) In May 2021, Galileo Rental S.A. was merged into Galileo Technologies S.A.

(\*) Galileo Advanced Solutions LLC, an indirectly held subsidiary, was dissolved in June 2020.

**7. Other receivables**

	2020 US \$000	2019 US \$000
<b>Non-Current</b>		
Amount due from group undertakings	94,342	91,384
	<u>94,342</u>	<u>91,384</u>
	2020 US \$000	2019 US \$000
<b>Current</b>		
Other receivables	8	4
Related parties receivables	8,585	1,124
	<u>8,593</u>	<u>1,128</u>

As of 31 December 2020, the Company assessed the amounts due from subsidiary undertakings for impairment using reasonable and supportable information. The loss allowance from this review and the implementation of IFRS 9, did not have a material impact on the financial statements.

**Notes to the Company Financial Statements (continued)**

**7. Other receivables (continued)**

*Credit repayment schedule*

	Currency	Nominal interest rate	Year of maturity	2020 US \$000 Carrying amount	2019 US \$000 Carrying amount
Other receivables	£		2021	8	4
Amount due from group undertakings					
	US\$	-	2020	-	1,124
	US\$	10,00%	2021	8,585	6,780
	US\$	10,00%	2022	58,329	51,780
	US\$	10,00%	2023	24,971	22,701
	US\$	10,00%	2024	11,042	10,123
				<u>102,935</u>	<u>92,512</u>

**8. Trade and other liabilities**

**Current**

Trade payables due from third parties  
Amount due to group undertakings

	2020 US \$000	2019 US \$000
Trade payables due from third parties	9	11
Amount due to group undertakings	125	125
	<u>134</u>	<u>136</u>

**9. Loans and borrowings**

**Current**

Related parties loan  
Loan third parties

	2020 US \$000	2019 US \$000
Related parties loan	57,548	-
Loan third parties	37,554	-
	<u>95,102</u>	<u>-</u>

**Non-current**

Third parties Loan notes  
Related parties loan notes

	2020 US \$000	2019 US \$000
Third parties Loan notes	55,440	74,415
Related parties loan notes	127,816	160,576
	<u>183,256</u>	<u>234,991</u>

*Terms and debt repayment schedule*

	Currency	Nominal interest rate	Year of Maturity	Face value	Carrying amount
				2020 \$000	2020 \$000
Boson Holding Corporation	US\$	10.00%	2024	8,500	13,147
Galileo Guernsey Limited	US\$	25.00%	2021	26,000	57,548
Galileo Guernsey Limited	US\$	10.00%	2024	73,500	114,669
Galileo Guernsey Limited II	US\$	25.00%	2021	25,000	55,440
Makena Traditional Natural Resources	US\$	25.00%	2021	10,000	18,777
Northwestern University	US\$	25.00%	2021	10,000	18,777
At 31 December 2020				<u>153,000</u>	<u>278,358</u>
At 31 December 2019				<u>152,000</u>	<u>234,991</u>

**10. Share capital and share premium**

**Shares**

At the beginning of year

At the end of year – fully paid

Authorised – par value \$1

	Ordinary shares 2020	Ordinary shares 2019
At the beginning of year	4	4
At the end of year – fully paid	<u>4</u>	<u>4</u>

There were no changes in the share composition in the year 2020.

## Notes to the Company Financial Statements (*continued*)

### 11. Dividends

No dividends were paid or proposed (2019: nil).

### 12. Related parties

Directors of the Company control indirectly 47.4% (2019: 47.4%) of the voting shares of the Company.

#### Transactions with key management personnel

There have been no transactions with key management during the year.

#### Related party transactions

The significant balances with related parties, their nature volumes and balance during the year ended 31 December 2020 were as follows:

		Receivables outstanding 2020 US \$000	Payables outstanding 2020 US \$000	Receivables outstanding 2019 US \$000	Payables outstanding 2019 US \$000
<b>Related party entities</b>					
Galileo Global Technologies Limited	(1)	93,960	(38)	84,214	(37)
Boson Holding Corporation	(2)	-	(13,147)	-	(11,953)
Galileo Guernsey Limited	(2)	-	(172,217)	-	(148,624)
Methax UK Limited	(1)	10	-	10	-
Galileo Technologies Corporation	(1)	-	(87)	-	(87)
Galileo Methax S.A.	(1)	470	-	470	-
Galileo Holdco 1 Limited	(3)	173	-	173	-
EDGE Holdco UK Limited	(1)	8,313	-	7,640	-
EDGE International Holdings 2	(1)	1	-	1	-
		<b>102,927</b>	<b>(185,489)</b>	<b>92,508</b>	<b>(160,701)</b>

(1) Owned by subsidiary of Galileo Holdco 2 Limited

(2) Immediate holding entity of Galileo Holdco 1 Ltd.

(3) Immediate holding entity of Galileo Holdco 2 Ltd.

Related parties' transactions were conducted on terms of equivalent to those prevail in arm's length transactions. These transactions related to financing activities and the corresponding interest expense on the borrowings, with the remaining unpaid balance as at 31 December 2020 disclosed above.

### 13. Financial Instruments

The Company's objective and policy is to use financial instruments to manage the risk profile of its underlying operations. The Company continually monitors financial risk, interest rate risk, currency translation risk and liquidity risk and takes appropriate measures to ensure such risks are managed in a controlled manner including, where appropriate, the use of financial derivatives.

The Company does not enter into or trade financial instruments, for speculative purposes. During the year, the Company's financial assets and liabilities consisted of:

- intercompany payables and receivables; and
- trade payables

These are used to manage the working capital requirements of the Company. The Company monitors risk on a regular basis and takes appropriate measures to ensure risks are managed in a controlled manner.

#### a) Capital and liquidity risk management

The Company is not subject to externally imposed capital requirements. The capital structure of the Company consists of equity attributable to the equity holders of the parent, issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

The Company's liquidity risk is managed on a group-wide basis by maintaining adequate reserves, banking facilities and reserve borrowing facilities to match its short, medium and long-term funding requirements.

#### Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each material class of financial asset, financial liability and equity instrument is disclosed in note 1

Financial assets and liabilities are valued at amortised cost value. Due to the short-term nature of these assets and liabilities such values are a reliable estimate of their fair value as of 31 December 2020.

**Notes to the Company Financial Statements (*continued*)**

**14. Ultimate controlling party**

The ultimate controlling party of the company is Galileo Holdco 1 Limited.

**15. Subsequent events**

Since 31 December 2020, the Company has not raised new financing from third party financing providers or related parties.

During December 2019, the Central Bank of Argentina (“BCRA”) published Communication “A” 6854 and “A” 6856 extending restrictions to access the foreign exchange market through the Mercado Unico Libre de Cambio (“MULC”). Entities that intend to pay dividends or to transfer profits outside of Argentina are required to obtain BCRA authorization to access the MULC.

On 29 May 2020, BCRA published Communication “A” 7030 which further regulated access to the MULC:

a) Access to the MULC for the payment of imports of goods and services, profits and dividends, commercial interests, capital interests and interests from financing activities, acquisition of external assets by legal entities, among others, requires previous authorization from BCRA, except if the following can be put on record -in return format:

i. That the totality of their holdings are in local financial entities and that they do not have net external assets available (e.g., government securities, shares not listed, demand accounts, etc.).

ii. That they commit to settle in the Foreign Exchange Market, within 5 working days of their availability, those funds received abroad originated in the collection of loans granted to third parties, the collection of a term deposit or the sale of any kind of asset, provided the asset was acquired, the deposit was made or the loan granted after 28 May 2020.

b) Previous authorization shall be required to BCRA for the payment of imports of goods (whether advanced or deferred) until 30 June 2020, taking into account the exceptions mentioned in the communication.

c) BCRA’s previous consent shall be required until 30 June 2020- for the access to the Foreign Exchange Market for the settlement of capital services of financial indebtedness with foreign parties when the creditor is a counterpart related to the debtor.

The restriction to access the Foreign Exchange Market is extended to 90 previous days and 90 subsequent days if the operations of purchase and sale of government securities were settled in foreign currency or through transference abroad, which was set forth by Communication “A” 7001.

Afterwards, BCRA issued Communication “B” 12020 whereby it communicated the standardized procedure to facilitate and speed up the treatment of requests of previous consent to access the MULC to pay for imports of goods, in accordance with supplementary Communications “A” 7001 and 7030.

On 25 June 2020, BCRA issued Communication “A” 7052 whereby it extended until 31 July 2020 the term described in the foregoing paragraphs b) and c) and established that the following shall be exempted from BCRA’s previous authorization: all deferred or on demand payments of imports of goods corresponding to operations shipped as from 1 July 2020 or those that having been shipped before did not arrived to the country before that date.

Through successive communications, being Communication “A” 7313 the last one, the provisions on the foregoing paragraphs b) and c) are still in force, the last extension being until 31 December 2021.

In 10 July 2021 the BCRA issued the Communication “A” 7327 regarding the access to the foreign exchange market, establishing the Argentine component is not allowed to access the Foreign Exchange Market if during prior 90 calendar days has performed transactions with securities exchanged with settlement in foreign currency or exchanges of securities for other foreign assets or transfers of them out of Argentina. The Argentine component undertakes not to arrange sales in the country of securities with settlement in foreign currency or exchanges of securities for other foreign assets or transfers of the same to foreign depositary entities from the moment that access is required and for 90 subsequent calendar days.

The Finnfund loan documentation requires that Methax S.A., an Argentine company, makes principal repayments to a related party, Methax U.K. Ltd an Indirectly held subsidiary, who in turn makes principal repayments to Finnfund. Methax S.A. has requested BCRA authorization to make principal repayments payments to Methax UK Ltd, but has not received a response to date.

Methax S.A. and Methax U.K. Ltd are both Borrowers under the Finnfund loan agreement and are jointly and severally liable for the repayment of the loan. Methax S.A. has obtained legal advice that confirms that: i. it is liable for the repayment of principal under the loan documentation; and ii. it should not be restricted from accessing the MULC to make those payments. The BCRA requires that the request to access the MULC are processed through a bank. The loan documentation requires that Methax S.A. operates through an Account Bank. The Account Bank has consulted the BCRA to confirm that Methax S.A. should be allowed to access the MULC before processing the payment and has not received a response yet.

**Notes to the Company Financial Statements (*continued*)**

**15. Subsequent events (*continued*)**

Methax UK Ltd has continued accessing the MULC to make interest payments to Finnfund. Methax S.A. and Methax U.K. Ltd have not been able to access the MULC to make principal repayments to Finnfund since April 2020 despite having the funds available to do so. The Company and Finnfund have continued to engage constructively on this issue, including involving the Finnish Embassy in Buenos Aires who is engaging with the BCRA to request that Methax S.A. is allowed to access of the MULC as contemplated in existing BCRA resolutions to be able to make payment principal payments as contemplated by the loan agreement. The Group is currently negotiating an extension of the standstill agreement with Finnfund.

At the time of this financial statements the COVID-19 pandemic continues to affect countries and businesses across the world. The Company's subsidiary has not seen cancellation of purchase orders and continues to work with its suppliers and customers to minimize the impact of the pandemic on the delivery of those orders, see note 1.6.